

THE CONCEPTUAL TRANSFORMATION FROM GOVERNMENT TO GOVERNANCE AND ITS REPRESENTATIONS —A CASE STUDY ON THE INNOVATIONS IN CITY MANAGEMENT OF HANGZHOU

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ABSTRACT: Governance is a concept and process to explore the coordination and integration among government, market and public. When China is facing great socio-economical transformation, Chinese government introduced the concept of Governance and Good Governance timely to deal with the management challenges brought by the complex social realities in such a new era. In order to elaborate the practical influence of such a conceptual transformation, this paper selected the innovations in city management of Hangzhou in 4 major aspects: system reform, market-oriented operations, Open Decision, and “Digital City Management” as the study case. The essay suggested that the city management of Hangzhou has possessed the characteristics of Governance and Good Governance. But in the aspects of legal system and citizenship consciousness, many problems still wait to be settled. The related specialists should give full consideration of the national situations when researching the Chinese-style Good Governance.

KEYWORDS: Governance and Good Governance, city management, innovations

1 GOVERNANCE AND GOOD GOVERNANCE—NEW MANAGEMENT THINKING

Governance has caught the close attention of western scholars since it was first mentioned by World Bank who used “crisis in Governance” to describe the African situation of that time in 1989. In “*Our Global Neighborhood—Report of the Commission on Global Governance*”, Governance was defined as: “*Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.*” From that, Governance is not a set of rules or a kind of activity, but a process. Different from Government, Governance has its own characteristics: 1) the subjects of Governance include both public and private institutions; 2) the authority of Governance comes from the community of all participants; 3) Governance bases on top-down and bottom-up coordination and interaction.

Western scholars proposed the Governance concept and advocated to replace Government with Governance, since they had witnessed the market failure and state failure in social resource distribution. But Governance also has its own limitations. For instance, Governance cannot possess the coercive force of state, and it cannot allocate most resources both spontaneously and effectively as market does. For these reasons, Yu Ke-ping¹ indicated that “*Effective Governance must be executed on the basis of market regulation and state regulation, and it should be a supplement to the other two.*”² To cope with the probability of Governance failure, researchers put forward a derivative theory—Good Governance.

¹ Yu Keping: the head of Contemporary Marxism Research Institute of Central Compilation & Translation Bureau (CCTB) of China, the director of Comparative Political Economy Research Centre of CCTB of China.

² Cited from Yu Keping, “Introductions to Governance and Good Governance”, *Marxism and Reality*, No.5 (1999), pp. 37-41.

In general, Good Governance is a social management process which could maximize the public interest. Its substantive characteristic is that Good Governance is a co-management of public life operated by both government and citizens, and establishes a new relationship between government and civil society. There are six basic elements of Good Governance: legitimacy, transparency, and accountability, rule of law, responsiveness and effectiveness.³

Yu Ke-ping claimed that there were several reasons leading to the vigorous growth of Good Governance theory and its practices: 1) the social foundation of Good Governance—civil society—is expanding rapidly; 2) Good Governance could apply to many other fields beyond government administration; 3) Governance could coordinate international contradictions under the backdrop of globalization; 4) Good Governance is an inevitable outcome of the democratization process, which is a distinct feature of our age.

2 FROM GOVERNMENT TO GOVERNANCE-TRANSFORMATION OF THE MANAGEMENT THINKING IN CHINA

When China is facing great socio-economical transformation triggered by Marketization, the traditional Government mode can no longer effectively respond to the complex issues of modern society; under the backdrop of globalization, Chinese society is also reflecting all the changes of the world. Against these backgrounds, Chinese scholars and government absorbed the western concepts of Governance and Good Governance timely to research and practise.

The transformation of management thinking in China is not an impulsiveness, but was generated upon on a solid foundation of reality:

To begin with, political system and economic system contradict with each other. After 30 years reform and opening-up, China has shifted from a planned economy to a market economy. With the rapid development of economy, social structure is changing: civil society is emerging; the free market is reinforcing the right of corporations greatly; government, market and civil society are turning into the multiple stakeholders altogether. However, the traditional Government mode of the planned economy is not only unable to balance the benefit appeals of diverse stakeholders effectively, but also inhibiting economic growth. Therefore, Governance and Good Governance need to be introduced to coordinate the developments of political system and economic system.

Secondly, people's democratic consciousness and legal awareness improve. Since the promotion of the democratization and legislation process has improved the citizens' democratic and legal consciousness, more interests of citizens need to be considered and coordinated. Yet, the top-down managing mode of Government could not hear the voice of people, not to mention coordinating the conflict of interests. Accordingly, the introduction of Governance and Good Governance which can better deal with this social reality provides an opportunity for us to turn China into a real people's State.

Finally, the government needs to improve the efficiency of management. The management style lacking transparency and justice not only hurts the public interests, but also places the top-down Government of state into an extremely unstable state due to lacks of supervision and restraint. Well, Good Governance could increase the management efficiency based on its six factors, which are legitimacy, transparency, and accountability, rule of law, responsiveness and effectiveness.

3 THE INNOVATIONS IN CITY MANAGEMENT OF HANGZHOU-REPRESENTATIONS OF THE CONCEPTUAL TRANSFORMATION

In order to elaborate the practical influence of such a conceptual transformation, this paper selected the innovations in city management of Hangzhou as the case study for two reasons:

First, city is the main place of human activities, and the construction and maintenance of urban space are fundamental to all the other social-economical activities. While China is promoting urbanization, *“the*

³ 1) legitimacy—the public order and authority need to be approved and complied with self-consciously; 2) transparency—essential government information should be opened; 3) accountability—people should be responsible for their own behaviors; 4) rule of law—everyone is equal before the law 5) responsiveness—the officials in public authority should respond to the citizen's requests timely and responsibly, 6) effectiveness—management should be effective.

major tasks of government are urban planning, construction, and management".⁴ Therefore, city management is a representative field.

Second, Hangzhou is one of the most developed cities in China. Hangzhou is a political, economic, and cultural center of Zhejiang province, located at the southern wing of the Yangzi River Delta. Taking the opportunity brought by the administrative division adjustment, which expands the urban area from 683km² to 3068km² in 2001, Hangzhou implements a series of innovations leading the development direction of Chinese urbanization. Those innovations also covered city management.

At present, the city development of Hangzhou is experiencing a series of changes.⁵ Within the new period of city construction and management, the way of managing the city has become the critical factor which restricts the further growth of Hangzhou. Thus, Hangzhou Municipal Government has confirmed the principle of "Coordinating City Construction and Management; Emphasizing City Management" and implements new acts bearing the characteristics of Good Governance in the aspects of system reform, method innovations and democratic interaction, in order to enrich the government's capability of public management and service in facing the impending complicated socio-economical problems.

3.1 System Reform—Authority Adjustment Inside the Government

*"City Management System is the material carrier and ensurance of the smooth implementation of the management process. As a comprehensive concept, CM system includes institutional structure of CM and its function system, leadership system and hierarchy system of municipal, district and sub-district; its core issue is the allocation of function, authority, and responsibility among different institutions."*⁶

The reposition of function, authority and responsibility progressed in both vertical and horizontal direction. (Figure 1)

In vertical direction, Hangzhou Municipal Government takes the lead in China to establish the management system of "Two-level government, three-level management, four-level service".⁷ 1) Based on apanagan principle, led by Hangzhou Municipal Administration Office, a part of managing authorities and responsibilities are allocated to district governments, delegating management responsibilities to the grassroots level. Therefore, district governments hold more authorities of management and coordination, and municipal government's function turns into the indirect administrative permission, supervision and inspection from the direct management. 2) Then, district governments transfer some responsibilities of management to sub-district offices that are in charge of integrating the resources of city management in their administrative area. While the managing scope is subdivided, the authorities and responsibilities of the administrative body are clearer. 3) On the community level, an autonomous system of self management by the community residents is established, and the service station of community management with professional staff would promote the cooperation between government and residents. As a result of the innovations above, a new city management structure of "Municipal Government leads, district governments take charge, sub-district offices implement, and community residents participate" is taking form.

⁴ Cited from "Circular of the State Council Concerning Strengthening the City Construction" 1987

⁵ At present, the city development of Hangzhou is experiencing a series of changes: 1) its developing pattern is changing from the introversive city development to the coordinating development of city core and peripheral areas; 2) its developing stage is changing from the modestly developed city to the developed city; 3) its city structure is changing from the urban-blocks to urban-networks; 4) its developing phase is changing from "Xihu Era" to "Qiantang River Era"; and 5) its developing objective is changing from the increase of quantities to the improvement of qualities.

⁶ Cited from He Rongkun, "Current Analysis and Countermeasures of City Management in Hangzhou"

⁷ "Two-level government" includes the Municipal Government and district governments (or management committees). "Three-level management" consists of municipal managing departments (including Municipal City Management Office and Law-Enforcing Bureau as the main departments, and other 19 functional departments), district managing departments (including City Management Committees and Law-Enforcement Division, and other functional divisions), and sub-district office (including City Management Section and Law-Enforcing Squadron). "Four-level service" refers to the city-management service on city, district, sub-district and community levels.

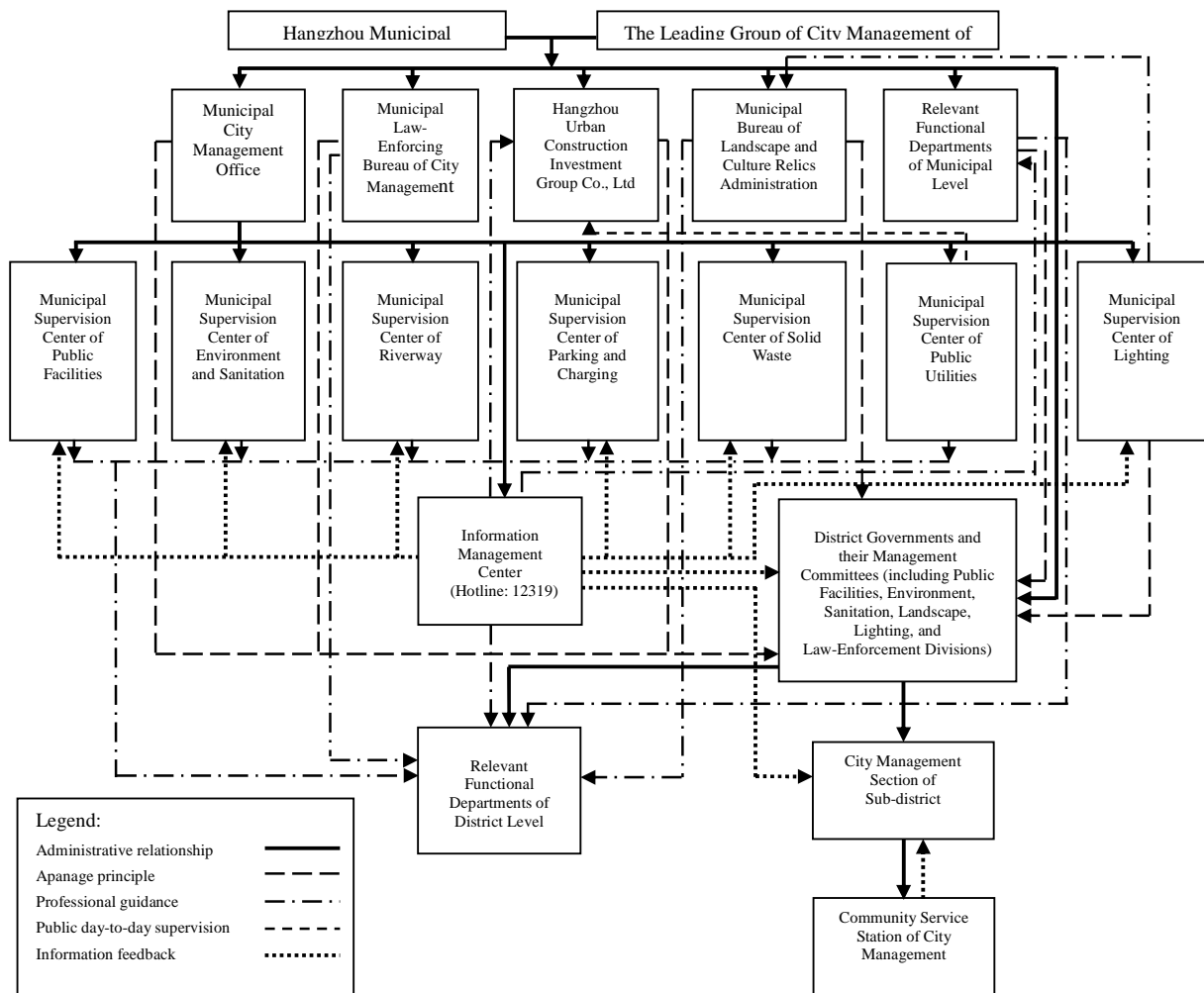


Figure 1 The Structure of City Management System

In horizontal direction, Hangzhou Municipal Government carries out “five separation” strategy among city management, maintenance, law enforcement, construction, and operation. 1) The separation between management and maintenance: the duty of municipal maintenance and sanitation are allocated to district government. 2) The separation between management and law enforcement: the city management and the administrative sanctions respectively are implemented by two subjects of administration, one of them is Hangzhou Municipal Law-Enforcing Bureau of City Administration established in 2001. 3) The separation between management and construction: Municipal Administration Office is in charge of management while Municipal Construction Committee takes charge of construction ;4) The separation between management and operation: Hangzhou Urban Construction Investment Group Co., Ltd, which was founded in 2003, is responsible for the assets management and daily operation. To sum up, this functional segregation in horizontal direction clearly defines responsibilities of each department and creates a power balance system to prevent abuses of authorities.

3.2 Market-oriented Operation—Exploration on Marketization as Governing Tool⁸

Tense funding of construction and management is the principal contradiction in modern urban growth. In order to deal with it, Hangzhou implements franchising management in municipal and public service

⁸ Reference: He Rongkun, “Current Analysis and Countermeasures of City Management in Hangzhou”, www.cn-hw.net

industries with setting related policies, standards, and implementing rules, which permits the subjects of market to participate bids for the public product supply in city management. Until now, “*Measures for Franchising Management on Urban Public Passenger Lines of Hangzhou*” has been revised to be perfect; “*Comments on Promoting Marketization Process in Municipal and Public Service Industries*” and the first draft of “*Regulations on Franchising Management in Municipal and Public Service Industries*” have been made. Hangzhou also has organized and implemented bid work of 6 minibus routes, finished 3 agreement texts of franchise operations on gas pipe, Tianziling Second Refuse Landfill and Qige Sewage Treatment Plant, and introduced bidding documents about the maintenance of the public facilities, sanitation and road. Besides, Municipal Government is strengthening supervision to related industries, to regulate the market order of the public product supply in city management.

3.3 Open Decision—New Development on Interactive Democracy⁹

Open Administration is an inherent requirement of building Chinese socialist democracy and an important means to realize Good Governance. However, inexperience and the constraints of traditional ideas and administrative practice have caused many realistic problems in implementing Open Administration. One problem is unilaterality: government is the leader of Open Administration and has the right to decide its form, procedure and content, while citizens could only receive the information provided by government. Another problem is singleness: the disclosed content in Open Administration only involves the results of government activities. The last problem is lack of interaction: because of lacks of participating consciousness and channels, the will of people could not be heard by government.

In response to these problems, Hangzhou Municipal Government recently carried out “Open Decision”. Open Decision is actually the deepening and expanding of Open Administration and “Sunlight Government”; and its opening feature covers the whole process of pre-decision, decision-making and post-decision, and its opening objects include citizens and media. Before the government’s decision-making of social economic affairs, it will broadly listen to the ideas from citizens through the discussion about the drafts of the policies published by internet. During the decision-making conferences, the deputies of People’s Congress, the members of CPPCC and the representatives of citizens will be invited in attendance as observers, and the conference will also be broadcasted live on line during which the conference attendees are able to express themselves orally while the netizens are allowed to participate by posts in government on line forums. After the conferences, the related departments will answer the questions raised by netizens and the decision documents will be published through internet and Hangzhou Daily together. The whole process will turn the one-direction announcement of government decision to an open process which integrates the bottom-up delivery of public opinions with the top-down implementation of government decisions, so as to better reflect the notion of people-oriented Governance. The use of advanced information technology and modern media has helped to realize the “openness, transparency, participation and interaction” of government decision process.

From November 14, 2007 to November 26, 2008, the Executive Session of Hangzhou Municipal Government has already invited 108 deputies of the People’s Congress, members of the CPPCC and 48 representatives of the public in attendance as observers; and also invited 63 citizens to communicate with the mayor directly through the internet live broadcast during the meetings. Since April 2008 the Routine Conference of the government has been broadcasted live through multiple media. The pageview of the internet broadcast has amounted to 14251 person-times; the click rate of the related internet forum has reached 53594 person-times; and 1981 suggestions have been made directly through the posts in these internet forums.

When social interest appeals are more pluralistic, diversified and multi-stratified, the “Open Decision” not only could better guarantee the expression of the appeals of different social stakeholders through more legitimized democratic methods, but also will facilitate government to balance the interests of different social strata during the policy-making process, in order to reconcile the confliction between justice and efficiency within public decision making. Because the expression and absorption of the public opinions are considered as one indispensable section of the government’s decision-making process, the finally made policies will surely gain more supports from citizens which will benefit its implementation in turn.

⁹ Reference: Documents on the Special Topic of “Open Decision of Hangzhou Municipal Government” from Hangzhou.gov.cn

3.4 “Digital City Management”—Technological Innovation of Management Methods¹⁰

The “Digital City Management” system, which was based on the experience of Dongcheng District of Beijing and initiated in 2005, is a technological innovation of management methods of Hangzhou Government in order to better cope with the complicated requirement of ongoing city management. “Digital City Management”, abbreviated DCM, is a method which utilizes advanced information technology to digitalize city management sectors, standards and management behaviors in order to form a completely closed system of problem detecting, disposing and supervising process. During the process of operation, the DCM has already formed distinguishing features of Hangzhou and been named the “Hangzhou Pattern” by Chinese Ministry of Construction. Its four major features are:

1) Establishing the New Operation Pattern of “Double-Axes”

Dependent on the management network of “City-District-Sub-district-Community”, the DCM established the new pattern of “Double-Axes” of the Information Center of City Management and the Coordination Platform of City Management. The former fulfils the responsibility of problem detecting, assigning, verifying, analyzing and estimating, forming the “commanding axe”; while the latter is in charge of problem dispatching, supervising and coordinating, forming the “supervising axe”. The DCM strengthens the cooperation and coordination of different government sectors to eliminate the blind areas within city management.

2) Marketization of Information Gathering

Based on the notion of “buying information under the expense of government”, the DCM deals with the information gathering by Marketization. Through bid invitation, five information companies have been selected to manipulate the collection, sorting and verification of the daily information of city management to reflect potential problems more accurately.

3) Seamless Platform between Government Departments

With the help of government internet construction, the DCM has provided the platform which shares both resources and information between different government departments so as to better connect different management levels and expand the government’s service capability into the lowest level. By establishing the interacting channels throughout different levels of government institutions, the DCM realized the multi-route guarantee within city management, such as the System of Video Inspection of Public Security, flood prevention in urban area, and on-line monitoring of bridges. The DCM increases the government’s capabilities to warn and handle emergencies.

4) Standardization of Regulations

In order to guarantee the healthy operation of the DCM, Hangzhou has enacted *The Standards and Time Restriction of City Affairs Disposition and Execution*, distributed *The Operation Index of DCM* and *The efficiency index of DCM*, established the mechanism of the disposition of city management difficulties and problems.

Till now, “Digital City Manager” has been operated on line within the Main-City District of Hangzhou, the Scenic Spots and Historic Sites of West Lake and the Economic and Technological Development Zone, covering an area of 235.8 km². Since its operation “Digital City Manager” has detected 1,876,000 problems, and solved 1,481,000 of them, which raised the problem solving rate from initially 46% to now 99.13%. The execution of DCM has established the process of general problem detecting and then specific department intervention, which actually revitalized the traditional city management procedures.

Under the cooperation of the city managers, constructors and all sectors of the society, the city environment of Hangzhou has been improved greatly. Hangzhou has received the Habitat Scroll of Honour Awards and the designation of International Garden City from UN. Moreover, Hangzhou has been estimated as the NO.01 city of the “*Best Overall Investigation Environment of Chinese Cities*” by World Bank and has been given the honor of the NO.01 city of the “*Top Rated Chinese Economic Cities, Mainland*” by Forbus for two years.¹¹

¹⁰ Reference: Documents on the Special Topic of “Digital City Management of Hangzhou” from Hangzhou.gov.cn

¹¹ Reference: “The Outline of the Eleventh Five-Year (2006-2010) Plan for City Construction and Management of Hangzhou”

4 CONCLUSION

The innovations in City Management of Hangzhou have shown the characteristics of Governance and Good Governance. 1) The main bodies of management are diversifying: “Two-level government, three-level management, four-level service” delegates management responsibilities to the grassroots level, and market-oriented operation entrusts many construction works to enterprises to increase efficiency, leading to the gradual transformation from “large government, small society” to “small government, large society”. 2) Top-down Government combines with bottom-up feedback: Open Decision gives citizens an opportunity to participate the management process of State affairs; and “Digital City Management” renders technical support to the effectiveness of the interaction. 3) The direction of these innovations is Good Governance: all these reformations aim at clearly defining responsibilities, stressing openness and transparency, optimizing for responsiveness, increasing management efficiency and improving the legal system.

But, many problems need to be settled since the reform has just begun. To start with, the legal system needs to be further improved. At present, a sluggish growth of the legal system weakens the authority and efficiency of city management, because most management activity lacks necessary legal support. Secondly, democratic consciousness of citizens needs to be further strengthened. Although government is the policy maker, civil society is the major impetus of Good Governance; the effective interaction between government and citizens could only happen when citizens have democratic consciousness. Besides, human resource optimization is also crucial for the effective promotion of management innovations.

The concepts of Governance and Good Governance are exotic for China, when researching the Chinese-style Good Governance, the related specialists should give full consideration of the national situations, which are summarized in 3 points: *socialist market economic system; the 5000-year-old Chinese traditional culture—centralization, Confucianism, weak civil society; the long and powerful administrative hierarchy*.¹² After all, there is no “ideal model” for Good Governance.

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