1. Introduction: neighbourhood governance in context

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Changes in the urban neighbourhoods in China have been profound over the last few decades. New neighbourhoods of commodity housing for the newly emerged middle class have been constructed, while old neighbourhoods built by the work units (production or administrative units of the state – *danwei*) have been privatized and sold to the sitting tenants. The rapidly heating-up real-estate market in the last decade, and the consequent wealth effect on properties, have made homeowners more vigilant about anything that could have an impact on their stake in property. It is perhaps the economic motives in protecting this stake that underpin most of the collective actions of property owners. Yet such actions touch the nerve of local neighbourhood governments as they pose a risk to social stability, whose maintenance has become an important mission at all levels of government in China. The involvement of homeowners’ associations in such collective action has fuelled the general suspicion of the state regarding autonomous organizations and has triggered an orchestrated effort to put homeowners’ associations under state surveillance, even though the little autonomy they have enjoyed has been confined to property management issues within their residential neighbourhoods.

The economic reform brought the *danwei* system to an end, with residential neighbourhoods formerly managed by the *danwei* being privatized and the social functions they shouldered being ‘socialized’ (transferred to families and the market). Yet, contrary to the expectation that the vacuum left by the retreat of the *danwei* would be filled by newly created self-organizing institutions (such as NGOs and homeowners’ associations), it is the local government that has ‘refashioned its act of governance’ (Zhang, 2006, p. 475). ‘The vacuum of governance has been filled up by the extension of government functions into the base level’ (Wu, 2002, p. 1090). Residents’ committees are at the centre of such missions. Hence the state has not retreated at the neighbourhood level but has instead rejuvenated and repackaged itself to take up new roles and functions.

As the economy and society of China have become more diversified, so
have the urban neighbourhoods. Dynamic interaction of various stakeholders in the neighbourhoods – property owners and their homeowners’ associations, property developers and their property management agents, residents’ committees and their superiors in the local government and so on – has shaped a complex and vibrant micro-environment within the neighbourhoods. This offers valuable opportunities to observe the state–society interface and the dynamics of civic society.

THE NEIGHBOURHOOD AND GOVERNANCE

The concept of neighbourhood is used in this book instead of the related but more fluid concept of community. The usual direct translation of the term ‘neighbourhood’ in Chinese (linli) is misleading as it implies only a very narrow interpretation of ‘the relationships to recognized households’ (Jankowiak, 1993), or, even more simply, the neighbours adjacent to one’s home or on the same floor of the building (Forrest and Yip, 2007). However, compared with the term ‘community’, ‘neighbourhood’ appears to match better the subject matter of this book.

The concept of xiaoqu, which is an administratively defined area of planned residential clusters, is at the core of neighbourhood governance in the urban China context. While a confined physical space is not a prerequisite for a community, geographical boundaries are definitely connected to a neighbourhood (Lowndes and Sullivan, 2008). Hence the geographical dimensions of a neighbourhood fit well with the concept of xiaoqu, which has a specific spatial dimension. A connection between a community and a geographically defined neighbourhood is also problematic (Blokland, 2003). While the concept of community has an implicit connotation of communitarianism, social cohesion and common bonds, there is no reason to assume their existence in any geographically defined areas. In urban China, despite the apparent intention of the party state in creating a xiaoqu as a ‘harmonious’ community through the campaign of constructing ‘civilized communities’, such efforts are obviously far from successful (Pow, 2009). The xiaoqu is also a unit of public service delivery. Linking xiaoqu with the concept of neighbourhood also allows the connection of the current debate in China with the wider literature of Western Europe in the last decade on the neighbourhood as a site for policy innovation and creative public service delivery (Lowndes and Sullivan, 2008; Durose and Lowndes, 2010).

A neighbourhood is more than a collection of physical entities within a defined locality; it is also a ‘geographically subscribed built environment that people use practically and symbolically’ (Blokland, 2003, p. 213). Hence it is socially constructed and shaped by the social and political
institutional setup, as well as being contingent on human interaction, intertwined with material exchange, psychosocial benefits and personal memories. To the individuals in the neighbourhood, it is a physical venue in which individual and collective identities are shaped, connections with others are facilitated, basic daily needs are fulfilled, and predictive encounters are contained (Lowndes and Sullivan, 2008).

The neighbourhood took a different shape in the traditional socialist system of the planned economy. The 'work units' were the centre of the economic, social and political lives of ordinary citizens, and a unified hierarchical chain of command was in place (Walder, 1986). Hence social relationships within most neighbourhoods were organized around the worker–resident's dependence on the work units. The economic and housing reform, particularly the selling off of work-unit housing to sitting tenants, and the construction of commodity housing for the newly emerged middle class, created a fundamental change in the economic and social relations within the neighbourhoods. The market mechanism replaced the old command chains and resource distribution system of the socialist regime. This necessitated a new form of interaction of state and society. A new paradigm of governance, an imported concept from the West, has gradually been attracting the interest of academics and policy-makers in China within the context of neoliberalism and new public management (for example, Liu, 1995; Mao et al., 1998).

Yet governance is a confusing concept. It is in fact an umbrella term that has been adapted differently in different contexts (Pierre and Peters, 2005). Despite its diversity, one element is common among the different usages of governance: the government is no longer the only player, and not even necessarily the most significant player, among the relevant actors. From a market-oriented perspective, governance is better channelled through competition in which the state is not a direct participant but instead takes a central role in institution design and monitoring (Ostrom, 1986), whereas the main aim of the design of a governance system is to minimize its transaction costs (Williamson and Masten, 1995). Governance can also be perceived as the management of ‘self-organizing, inter-organizational networks’ (Rhodes, 1997; Kickert et al., 1997) of stakeholders and policy-makers at different levels of government. The state should take a pivotal role in coordination and negotiation. However, there are also advocates of centrality of the state, who claim that neither networks nor the market can replace the political and administrative roles of the state in upholding the institutions and norms of a political regime (specifically in democratic countries) (March and Olsen, 1995).

Within this context, Lowndes and Sullivan (2008) define neighbourhood governance as ‘arrangements for collective decision-making and/or
public service delivery at sub-local level’ (p. 62) and identify four forms of neighbourhood governance, with corresponding rationales. These include the neighbourhood empowerment approach with a civic rationale of direct citizen participation; a neighbourhood partnership approach with a social rationale in joining up local services; a neighbourhood government approach with a political rationale of improving accountability and responsiveness of local government; and a neighbourhood management approach with an economic rationale of improving efficiency and service effectiveness (Durose and Lowndes, 2010).

These approaches and models, which are based on the English experience, may not be directly applicable to the Chinese context. Yet some of the rationales are relevant to China. Within the context of the semi-authoritative regime in China, there is neither any sign of extending the democratic elements of the political system nor are there any attempts at enhancing civic society; the rationales are pretty apparent in the construction of a neighbourhood governance system, albeit the motivation and manifestation are very different. As Heberer and Göbe (2011) contend, reorganization of the neighbourhood in China signifies an attempt to create the infrastructural power capabilities of the state at the grassroots with the apparent intention of strengthening the legitimacy of the regime. At a time when incidents of collective resistance are on the increase in both rural and urban China, regime stability is thus of primary concern. Hence, although adopting a politically induced neighbourhood governance approach may not be motivated by a concern for accountability, enhancing responsiveness of the local government to residents’ needs at least helps to boost the legitimacy of the party state.

With the collapse of the work-unit system in the 1990s, the burden of offering local public services to the privatized work-unit neighbourhoods gradually shifted to the local governments. Closure of state enterprises, which made millions of workers redundant, further exacerbated problems of the already overstretched public and social service provision, particularly among poorer neighbourhoods. Concomitantly, the newly developed commodity housing neighbourhoods, often in city peripheries, urgently required not only daily-life physical infrastructure, but also high-quality services to match the lifestyle expectations of the newly emerged middle class. Therefore an economically motivated neighbourhood management approach to improving local provision of public services appeared to be appealing to the local government. While an enhanced fiscal input to the residents’ committees, and the implementation of contracting out services by the district/street offices, helped to meet the demand of social services in ordinary neighbourhoods, the need for high-quality public services had been largely met by the provision of property management services in
the privatized planned neighbourhoods. It is within this context that the local residents’ committees and homeowners’ associations came on to the neighbourhood governance scene.

**RESTRUCTURING OF STATE–SOCIETY INTERACTION AT THE GRASSROOTS**

Semi-official grassroots organizations have thousands of years of tradition in rural China. Under the umbrella term *baoja*, a variety of grassroots organizations was set up, usually with the common goals of organizing military services and labour, internal security patrol and household administration (Wen, 1935 cited in Guo, 2006). Modern versions of *baoja* in cities were first established in 1927 in Japanese-occupied Shanghai, and later on taken over by the nationalist government after the war. With the need to eradicate the potential threat from the *baoja* setup left by the nationalist government after its defeat in Mainland China, the municipality of Shanghai replaced the system with the establishment of a residents’ committee in 1950, the first of this kind in China (Guo, 2006). Residents’ committees were institutionalized in 1954 in all cities in China as ‘self-administered’ organizations of residents with the principal tasks of administering public welfare, reflecting residents’ views to the authority, mobilizing local residents to support the government, leading neighbourhood policing patrol duties and mediating residents’ disputes (NPC, 1954).

Despite its appearance as an autonomous organization of residents, the residents’ committee is a typical example of what Read (2012) coined the ‘Administrative Grassroots Engagement system’, a state-created and -sponsored network at the grassroots level for assisting the state in governing the neighbourhood. In this respect, such a system operated in similar ways as its predecessors. With the setting up of the party branch in the neighbourhood during the Great Leap Forward in the late 1950s, residents’ committees had been placed under direct party command and gradually shifted to become a mobilization organ of the party in the neighbourhood. More and more administrative duties assigned from the street offices (the lowest tier of local government in cities) moved welfare for residents to the margin until the Cultural Revolution brought the operations of the residents’ committee to a complete standstill (Guo, 2006). When the work unit (*danwei*) was strengthened in the 1950s and 1960s as the central arena for economic, social and political resources distribution, residents’ committees in ordinary residential neighbourhoods could serve only more marginalized residents who did not belong to the resourceful work units (Bray, 2005).
Having been largely paralysed during the Cultural Revolution, as had most other institutional setups in China, the residents’ committees were quickly revitalized in the late 1970s. During the early stage of the economic reform in the 1980s, they were extremely instrumental in solving concrete problems of mass unemployment and the threat to law and order generated by the hundreds of thousands of returning educated youth, who had been mobilized during the Cultural Revolution to ‘establish roots’ in the countryside. The residents’ committees were encouraged to create small enterprises to absorb surplus labour as well as to aid and support the seriously underprovided community services, largely with their own resources. In this respect, the ‘straddled’ characteristics of the residents’ committees (Read, 2009) had been at work to maximize their effectiveness. As entrepreneurial non-state players, residents’ committees were freed from the constraints of most state-owned enterprises, which helped them to maintain as high a level of flexibility as most private enterprises. At the same time, residents’ committees as state-sponsored service providers enhanced their credibility among residents and gave the authority a role in directing the programmes.

Advancement of the economic reform eventually necessitated the closing down of inefficient state enterprises, and also forced the state to privatize remaining enterprises that were still competitive. This in essence put an end to the danwei system, not only as a production unit that offered employment but also as a social unit that provided a complete set of housing, education and other social welfare to its employees and dependants, as well as a political unit of social control and protection and a cultural unit from which social status and identity were derived (Bray, 2005). The vacuum of social welfare provision and social control functions created by the waning of the danwei system was filled by the residents’ committees, which already had similar experience in delivering these services to the marginal populations in the neighbourhood.

Although the residents’ committees are not part of the state administration, they shoulder many of the administrative duties of local government in the neighbourhood. Regular tasks such as birth control, public health, social assistance, mediation of neighbour disputes and so on interweave with ad hoc assignments such as census enumeration, residents’ committee elections, policy publicity and the like, which would seem to make residents’ committee officials busy enough. Recently added to these responsibilities are missions of maintaining law and order as well as social stability in the neighbourhood. The central tasks of such missions include the management of residence records (as well as records of those working in the neighbourhood), particularly of those more mobile renters, and the containment of collective action. The residents’ committees are charged
with the duty of supervising homeowners’ associations within their jurisdiction, and one important job, as was repeatedly stated in interviews with residents’ committee officials, is to secure the ‘right’ people to be selected as leaders of the associations. A recent implementation of supervision is to have the residents’ committees in full control of the ‘returning committee of election’, whose major function is to endorse the list of candidates in homeowners’ association formation and re-election. The residents’ committees are also at the centre of the ‘Comprehensive Governance Committee’ of the neighbourhood, led by the local police to ensure law and order, disaster management and, most critical of all, social stability.

With more work being devolved to the neighbourhood, the workload of the residents’ committees has increased substantially in recent decades, resulting in the expansion of their establishment. In the pre-reform era, staff of residents’ committees were basically retired residents, mainly women. The 1990s saw mid-level cadres, who were made redundant in the economic reform, employed as neighbourhood party secretaries or directors of residents’ committees. As the work portfolio has expanded and become more onerous in recent years, residents’ committees now attract younger and more educated staff. With the setting up of a social work station to shoulder the service delivery tasks of the residents’ committees, social workers are being employed to work alongside traditional residents’ committee members. For instance, a residents’ committee that the author recently visited in Shanghai has five members working full time in addition to another five full-time social workers serving around 2500 households in an up-market residential neighbourhood.

As a state-sponsored institution that straddles the state and society and permeates every neighbourhood in urban China, the residents’ committee has been diligently performing the role of the ‘nerve tips’ of the state (Read, 2000). With the increasingly waning control of the party state in the wider social and economic arena after the economic reform, the revitalization and further substantiation of the functions of the residents’ committees have been interpreted as an effort to build up the infrastructure power of the state at the grassroots level (Hebera and Göbe, 2011). Such infrastructure power is perceived as the capacity of the party state to penetrate and coordinate civic society (Mann, 1984), a prudent move in consolidating the soft power of the party state in the wake of a possible strengthening of civic society. The rise of autonomous and independent homeowners’ associations with legitimate mandate in governing the space overlapping with that of the residents’ committee inevitably creates competition, if not a threat, to the state-sponsored residents’ committees.
PRIVATE PROPERTY AND THE NEWLY CREATED SOCIAL SPACE

After decades of state dominance in housing provision in the socialist era, the economic reform introduced private ownership of property that has swiftly become the most popular form of tenure in China in recent years. Inhibited by the prevailing socialist rhetoric of keeping socialist (state) ownership of land, land in the cities can be leased only for private development for a fixed period of time. At the same time, with the relative scarcity of land in cities and the efficiency gain that is associated with economies of scale in large developments, multi-family housing developments in planned neighbourhoods have become the norm. The two factors combined have caused private property ownership in China to adapt a special form of tenure, technically referred to as the condominium; these are also popular elsewhere for multi-family housing.

A condominium is a form of housing ownership in which individual property owners own their individual units, but collectively own the building structure as well as common areas and facilities in the development (van der Merwe, 1996). To realize collective ownership as well as management rights of the common areas, the formation of a homeowners’ association is needed, with all owners being members. The homeowners’ association is an institution that mirrors a business firm, with property owners being the shareholders of the firm who elect a board of directors, who in turn make important decisions on behalf of shareholders and monitor the employed staff who manage the company business. The corresponding institutions in China are the homeowners’ assembly (homeowners’ association), homeowners’ committee (board of directors) and property management company (employed staff).

The first homeowners’ committee in China was set up in 1991 in Shenzhen by the property developer of a commodity housing development, with the obvious intention of soliciting help from homeowners in solving management problems (Chen, 2009). Local regulations (for example, in Shenzhen, Qingdao and Ministerial Decree of the Central Government) were enacted in early 1990s to facilitate the creation of homeowners’ organizations, principally in newly constructed commodity housing estates. Such regulations/guidelines were also merely operational, providing directives to the setup and operations of the homeowner organizations. The power of the organization was limited to the hiring and firing of management agents, as well as the use the sinking fund (reserved for long-term maintenance).

Apparently, there was an urgent need to set up a proper system of property management for the rapidly developing housing market in the 1990s,
serving as part of the marketing package (particularly for high-end market targeting of foreign investors) as well as in creating new business opportunities for the property management trade. Relevant experience elsewhere was an important reference, particularly that of Hong Kong, whose institutional setup and operations in land policy and real-estate market have been mirrored in China. After a decade of negotiation and experimentation, the first Property Management Law was enacted in 2003, standardizing the institutional setup of homeowners’ associations in China, with the homeowners’ assembly as the ultimate decision-making platform and the homeowners’ committee its operational arm.

However, collective ownership of the common areas, often found in condominium laws elsewhere, was not properly acknowledged until the enactment of the Real Right Law in 2007, after more than a decade of struggle to incorporate private property ownership as a constitutional right (completed in 2003). The concept of condominium (qufen souyou quan) was introduced in the Real Right Law, which differentiates the exclusive ownership of individual owners of their housing unit and collective ownership of the common areas and facilities (Real Right Law, 2007; Liang and Chen, 2007). This formalized the mandate of collective ownership of the common facilities in the neighbourhoods and reinforced the sensitivity of property owners regarding equity-related rights.

The process of institutional and legal setup can be perceived as a streamlining of economic infrastructure reacting to the newly created (commodity housing) or recently transformed (sold danwei housing) housing development. On the one hand, safeguarding private property rights is seen as a prerequisite for further boosting consumers’ confidence in real estate. On the other hand, the state is also eager to make it obligatory for property owners to take on the responsibility and financial burden of managing their neighbourhoods. The latter is particularly important for cities with a large number of gated communities in which most public services have been privatized and the fiscal burden of local governments substantially lessened. Hence property owners’ ‘self-governance’ becomes an imperative rhetoric in shifting the burden of property management.

The newly created spatial and organization autonomy in residential neighbourhoods has reinforced the legitimacy of homeowners’ associations as an independent and autonomous body for representing and protecting the collective interests of property owners in the neighbourhood. The Law on Property Management, apparently grounded in pragmatic considerations of homeowners’ association operations, empowered homeowners’ committees in representing property owners engaged in contractual transactions with other parties on property management and hence implicitly furnished them a legal personality. Yet there is no equivalent recognition
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of their formal legal status in either the Real Right Law or the Property Management Law, which is very uncommon internationally, the only exception being the German Condominium Law (Liang and Chen, 2007). Under the Property Management Law, homeowners’ associations have been subject to the neighbourhood control regime led by the residents’ committees, which undertake the responsibility of supervising homeowners’ associations and monitoring their activities. Further constraints on their legal personality offer an additional safety valve in circumscribing the span of activities of homeowners’ associations. For instance, it is complicated, if not impossible, for homeowners’ associations to open their own bank accounts. Litigations filed by homeowners’ associations are often dismissed by the court on grounds of their lack of legal status (Huang, 2010). This apparently dampens the impetus of homeowners’ associations as autonomous social organizations and the potential threats to stability of the regime that such organizations may pose. However, this has done little to prevent property owners from engaging in collective action against the local regime. A few such actions had quite a high profile.

COLLECTIVE ACTION AND THE ASSERTION OF RIGHTS

Weiquan (guarding my rights) is a common phrase in popular discourse when groups and individuals take action to uphold their rights – in property ownership, as consumers, and so on. With the market infrastructure unable to catch up with rapidly expanded real-estate development, property developers either had no standards to follow, or more often exploited blurred regulations or weak monitoring, as they engaged in cutting corners to accelerate construction or to reduce cost. Disputes over financial interests associated with ambiguously defined ownership are also commonplace, not only in new developments but also equally seriously in privatized danwei (work-unit) housing. Common examples of disputes in commodity housing include disputes over low-quality construction, non-delivery of promised facilities, overpriced property services, and developers occupying neighbourhood common areas for their own business. In privatized work-unit housing, unclear assignment of ownership may paralyse transaction and complicate the sharing of management cost.

As most residential developments in urban China are condominiums, many such problems affect not only individual owners but also their neighbours or even the whole neighbourhood. The cheapest and sometimes most effective way of settling the disputes is by private means, either by approaching the developers or the property management agents
directly, or by working through local officials to settle the claim. More proactive owners may bring their adversaries to court, but very often they feel disempowered in the struggle against powerful developers. Passive everyday resistance (Scott, 1985) in refusing to pay management fees has been a common strategy among the frustrated property owners. The non-payment of property management fees was as high as one-third in 2008 in Northeast China (Chen, 2009), and such events are seen as passive protests.

There are no official statistics on the extent of such disputes. Despite the ample interest of academics in homeowners’ resistance, all such research focuses only on selected cases, particularly those high-profile cases of resistance that catch the public’s attention. In order to reach a closer estimate of the extent of cases of homeowners’ dispute and resistance, the author has collected news reports from 26 newspapers in Beijing, Shanghai, Guangzhou and Shenzhen (cities where real estate is most developed) for the period 2003 to 2010. Only cases of property-related disputes or actions that connected with developers, property management agents or government agencies were selected, but issues of transaction disputes between individuals, displacement and reallocation, as well as those connected to the service quality of public utility companies, were excluded. After combining multiple reports on the same incidents, the news reports were coded to identify the nature of the issues, actors involved, actions taken and outcomes. The statistics are likely to have underreported more minor disputes and thus give underestimates. To overcome the respective bias of selection and description (McCarthy et al., 1996; Smith et al., 2001), measures of triangulation and multiple accounts (Earl et al., 2004) have been taken. Multiple sources of information (from the Internet and interviews with activists) were collected to overcome selection bias (to ensure that important events were not missed) and multiple accounts of each event (from different newspapers) have been compared to address the issue of description bias.

From 2003 to 2010, a total of 7602 disputes was identified in the four cities. The disputes were over topics within roughly four areas: housing quality issues (poor construction quality, ownership and use of car park and private club, housing deeds); fees and services (management fees, collective utility bills, property service quality), public facilities and environment (ownership of public facilities, management of public space, neighbourhood environment, security, sinking fund); and management issues (property management agent contracts, homeowners’ association meetings, election and operation of homeowners’ committee).

The level of disputes has kept on rising in the last decade (with the exception of a slight drop from 2007 to 2008). Housing-quality-related
issues are at the top of the disputes in most years except 2010 (Figure 1.1), although in proportional terms they are almost on a par with other dispute types, such as fees and services, and public facilities and environment (Figure 1.2). Hence it is a biased perception of housing-related disputes that they are largely an issue of construction quality. Property owners are more concerned about their consumer rights and their living quality (although this is inevitably related to the equity of their property). Comparatively, although management issues were rather trivial in early years, they became more significant problems as the number of cases tripled between 2006 and 2010, indicating an increased trend of internal conflict within the homeowners’ association.

Although the level of disputes has significantly increased during the period, distribution of the disputes remains quite stable (Figure 1.2) at around 29 per cent (housing quality), 27 per cent (fees and services), 27 per cent (public facilities and environment) and 17 per cent (management). This reflects the relative constancy of the nature of the disputes, and there is no evidence that homeowners’ action has been diverted to issues outside the purview of their properties and the immediate environment. Hence the observation by Chen (2009) on the shift of homeowners’ resistance moving from property-rights-related resistance to citizenship-oriented resistance is perhaps an exaggeration. Yet care must be taken in interpreting the year-on-year changes, as the reports indicate only timing of the exposure but not the occurrence of the events. Problems such as housing quality may be exposed only when the building begins to age. Only about 40 per cent of the 7602 disputes ended in action of some sort.\(^5\)
Four types of action were categorized, including: litigation, appealing to media (mass media and new media); appealing to government (relevant departments, higher authority, local National People’s Congress); negotiation (with relevant adversaries); and antagonistic action (banners or signature campaign, letter petition, demonstration or other more violent actions).

Most of the studies on homeowners’ actions tend to describe the appeal to government as a significant means of homeowners’ action in resolving disputes with their adversaries. It seems that exploiting the fragmentary government and disparate interests between the authorities is the most efficient strategy in asserting homeowners’ rights (for example, Shi and Cai, 2006; Shi, 2008; Otsuka, 2009), an impression probably gained from research on the rightful resistance of their rural counterparts (O’Brien and Li, 2006). Yet the data presented here reveal a contrasting picture. Appealing to the government is in fact the least employed action; less than one-tenth (8 per cent) of disputes resorted to such action, a level even lower than the use of more antagonistic strategies (21 per cent). Litigation is instead the most frequently employed action (42 per cent), which perhaps reflects the moderate attitude of middle-class property owners who prefer more peaceful actions such as litigation and negotiation. The two types of action added together constitute over half (52 per cent) of the actions. However, there seems to be a qualitative change of course after 2007. The use of litigation declined. This seems ironic at a time when the Real Right Law, which offers better protection of property rights, had been introduced. Whether it indicates, as research on litigation on labour

Source: Author’s analysis of news reports.

Figure 1.2 Distribution of dispute types (2003–2010)
disputes reflects, disenchantment towards the effective implementation of
the rule of law (Michelson, 2007) awaits further research. Yet it is certain
that litigation has been substituted by more antagonistic actions. Actions
such as banner campaigns, signature campaigns, petitions, sit-down peti-
tions, processions to government offices and even blockage of traffic had
become the second most common form of dispute resolution attempts in
2010. Hence moderate middle-class homeowners may be losing patience.
When peaceful appeals do not work, they are prepared to employ more
radical action in upholding their rights. Of course, more moderate actions
such as mediation and litigation may be underreported by the media.
Compared to antagonistic actions such as petitions or signature cam-
paigns, moderate actions are less emotionally provocative and have less
media appeal.

Although the overwhelming majority of disputes involved only the
property owners (or the homeowners’ associations), the developers or
their property management agents, most of the aggressive actions were
targeted at the government. Apart from cases that directly involved the
government, such as misconduct of government officials, administra-
tive incompetence of the bureaucracy, or ill-planned policies and so on,
many antagonistic actions attempted to generate public pressure against
residents’ committees or street offices, or to appeal to higher authorities
(district government, municipal government and so on) in mediating their
disputes with their non-government adversaries. Despite such appar-

Source: Author’s analysis of news reports.

Figure 1.3 Actions taken by homeowners (2003–2010)
ently innocent requests, interviews with homeowner activists revealed their underlying intention to exert pressure on local governments to warn them not to take sides with property developers and their management agents. This reflects the scepticism of homeowner activists regarding the lack of impartiality of local government. The reliance of local government on developers and property management agents to administer the neighbourhood (in terms of manpower and financial support), as well as a suspicion towards independent organizations in general (Read, 2008), are believed to have induced local governments to identify with developers and property management agents.

Besides employing aggressive means as action strategies, homeowner activists also began to engage the government in litigation to extend their appeals. Of course litigation can be an institutionalized means of settling disputes. There is, however, evidence that it has been used by homeowner activists, not as a means to settle disputes but merely as a part of their tactics. Exploiting the low cost of administration and the favourable position of the burden of proof being on the plaintiffs in such cases, the government is brought to court even if the chance of winning the cases is very small (Huang, 2010). Thus activists are then able to secure valuable information from the government, presented as evidence for the defence, for their further action. Such litigation may also attract media attention. This greatly facilitates their next stage of action, either in court or on the street.

There is also a big difference between the four cities surveyed. The total number of disputes is much higher in Beijing and Guangzhou than in Shenzhen and Shanghai. For instance, the level in Beijing is more than four times that in Shenzhen and nearly three times that in Shanghai. All cities started with very similar levels of disputes in 2003 but Guangzhou saw its level escalate steadily from 2006, and Beijing saw escalation after the Olympics in 2009. While Beijing and Shanghai had more disputes over fees and charges, Guangzhou and Shenzhen had instead more problems with the internal operations of homeowners’ associations. Homeowner activists in Beijing and Shanghai employed litigation in resolving disputes more often than their counterparts in Guangzhou and Shenzhen, whereas appeals to the government were used more frequently by property owners in Shanghai and Shenzhen. While the relative proportions of antagonistic actions in the four cities are similar at the aggregated level, relative levels in Shanghai and Beijing went up substantially in 2009 and 2010, indicating that activists in the two cities have become proactive.
Neighbourhood governance is a multifaceted concept that cuts across academic disciplines and intersects an array of policy areas. The first theme of this book is the theoretical underpinning of neighbourhood governance. In Chapter 2, Read highlights a number of theoretical approaches (in political science and sociology as well as from competing perspectives) to a range of issues such as urban social movement, private government, collective action, democratic participation and so on that are of high relevance to neighbourhood studies in China. Yet, inspired by his research on neighbourhood organizations in both Mainland China and Taiwan, Read alerts us to the problem of direct application of such approaches to neighbourhood studies in China. One has to be cautious of the normative framework embodied both in the theoretical approaches in studying the neighbourhood and in the neighbourhood institutions that are being studied.

Whilst a sociopolitical approach to neighbourhood studies concerns the notion of power within a state–society framework, an economic approach that connects the neighbourhood to club theory (Buchanan, 1965) and the concept of urban commons (Dolsak and Ostrom, 2002) is articulated by Chen in Chapter 3. This reflects the importance of the neighbourhood as a venue of public service provision and indirectly reflects the central role of homeowners’ associations in resources monitoring. The club theory (which focuses on market provision of public services) resonates with the neoliberalist policy line of the current government in the private provision of public goods, whereas the concept of urban commons emphasizes the importance of institutional design, state regulations and collective decision. The rest of the chapters in this book roughly follow these two broad theoretical perspectives, namely the sociopolitical and the economic (institutional) lines of analysis.

The second theme is state–society interaction at the grassroots level and essentially reflects the competition between the residents’ committees and the homeowners’ associations. The ubiquitous presence of statist institutions in the neighbourhood and their proactive approach make grassroots administration more about government than governance. The state also makes penetration into the neighbourhood a higher priority than the enhancement of the social autonomy of residents (Heberer and Göbe, 2010). In this respect there is a clash of interests between residents’ committees and homeowners’ associations, as Gui and Ma illustrate in their case study in Chapter 4, where a contractual dispute over management service provision in the neighbourhood triggered a reaction from the residents’ committee, who saw the dispute as a challenge to their authority in social control. A subsequent strategy of politicization by the residents’
committees to mobilize support from their superior only further escalated the conflict. This seemed to run contrary to the observation by Tomba (2005) of the effort of the local regime to redirect neighbourhood disputes as far as possible away from the state, and towards third-party agents.

Similarly, proactive intervention to contain the actions of homeowners’ associations as a residents’ committee’s standard response is also echoed in Chapter 5 by Huang. Yet, contrary to the findings of Gui and Ma, the success or failure of such intervention does not depend on the capacity of the residents’ committees. It instead hinges upon whether or not the homeowners are cohesive enough, or momentous enough, in gaining support from the higher authority to counteract and neutralize such intervention from the residents’ committees.

In Chapter 6, Guo and Sun, on the other hand, give a vivid portrait of how residents’ committees build up their support networks in the neighbourhood. These networks are not built simply upon incentives of ideological identification or material/social rewards, or personal connection with the residents’ committees, but by the attractiveness of being part of a ‘warm circle’. This helps to gather a group of activists with relatively homogeneous backgrounds who share a sense of loyalty to the state and responsibility to the neighbourhood, and who generate satisfaction from the togetherness felt in achieving meaningful results for the state and for the people.

The third theme relates to issues of the institutional setup of homeowners’ associations. Being a relatively new and principally ‘imported’ establishment that functions on a democratic foundation, there is always scepticism as to whether homeowners’ associations can adapt to the unique sociopolitical and cultural environment in China. In fact, the much bigger scale of the residential neighbourhoods in China, in comparison with neighbourhoods in the USA from which homeowners’ associations originate, as well as in comparison with Hong Kong neighbourhoods on which the current organizational design of homeowners’ associations is modelled, has already made it difficult for many homeowners’ associations to function. Based on the institutional design principles of common-pool resources (Ostrom, 1986), Chen in Chapter 7 advocates modifications of the current institutional setup of homeowners’ associations, with aspects of the trusteeship model and representative assembly operation. The former aims to set up a trustee with the necessary expertise about the common areas of residential developments to improve management efficiency, whereas the latter would mitigate the hurdle of decision-making by delegating decision-making power from the homeowners’ assembly to the assembly of homeowner representatives.

In Chapter 8, Tang, Wang and Chai offer a detailed account of how one of the best-known homeowners’ associations in China is evolving on its
path towards autonomous governance of its building, free from interference of the property developer and residents’ committee. The homeowners’ association has been a pioneer in experimenting with new measures in property management in China, and its experience offers insight into the organizational innovation of the homeowners’ association as well as the hurdles that homeowners have to overcome to secure their rights to manage their neighbourhood.

The fourth theme explores the potential of homeowners’ associations as agents in the emerging civic society in China. As independent organizations that exist in large numbers in China, homeowners’ associations have a role in the making of civic society that has been a concern among scholars from both the West and within China (for example, Read, 2003; Meng, 2007). Yet, in reality, homeowners’ associations have to struggle, both for their own survival and to create a space for participation, against the hostile sociopolitical climate. Breitung compares, in Chapter 9, two neighbourhoods in Guangzhou with very different power structures at the neighbourhood level, in their attempts to set up their homeowners’ associations. It was found that the strong presence of the state at the grassroots level and its interest alignment with developers and property management agents constrained the homeowners’ associations, giving them little room to breathe.

In Chapter 10 Wu and Chen explore, via cases of homeowners’ protests in Beijing and Guangzhou, whether ‘rights consciousness’ has been developed among homeowner activists, and, if so, whether it works positively towards the creation of civil society. Yet, as in most other research on homeowners’ resistance, the outcomes are mixed. Although there are signs that homeowners’ mindset has moved beyond the immediate material claims connected to their property rights, it is far from conclusive whether citizen identity has become solid enough to support a vibrant civil society. In this respect, Jiang’s case study (Chapter 11) on homeowners’ participation in law-drafting fills the gap in the literature on the quests of homeowner activists to extend their citizen rights. The proactive action of homeowner activists in Beijing and Guangzhou to push for a change in the law reflects the intention to change the rules of the game, and not merely to ‘uphold’ their rights, which may be limited and unjust. It also indicates an advance beyond ‘rights-conscious’ action, and, optimistically, a step closer to long-term political change.

NOTES

1. Regulation on Property Management in Residential Neighbourhoods of the Shenzhen Special Economic Zone in 1994.
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3. Decree on the ‘Resolutions on the Management of New Urban Residential Neighbourhoods’ by the Ministry of Construction in 1994, which is not mandatory.
4. In some of the housing developments, utilities such as electricity, water and gas are collected by the property management agency and then transferred to the relevant municipal departments. So problems such as miscalculation and overcharging may appear.
5. Not all disputes were followed by action. Some either ended without any action or the actions were not reported.

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