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Ngai-Ming Yip

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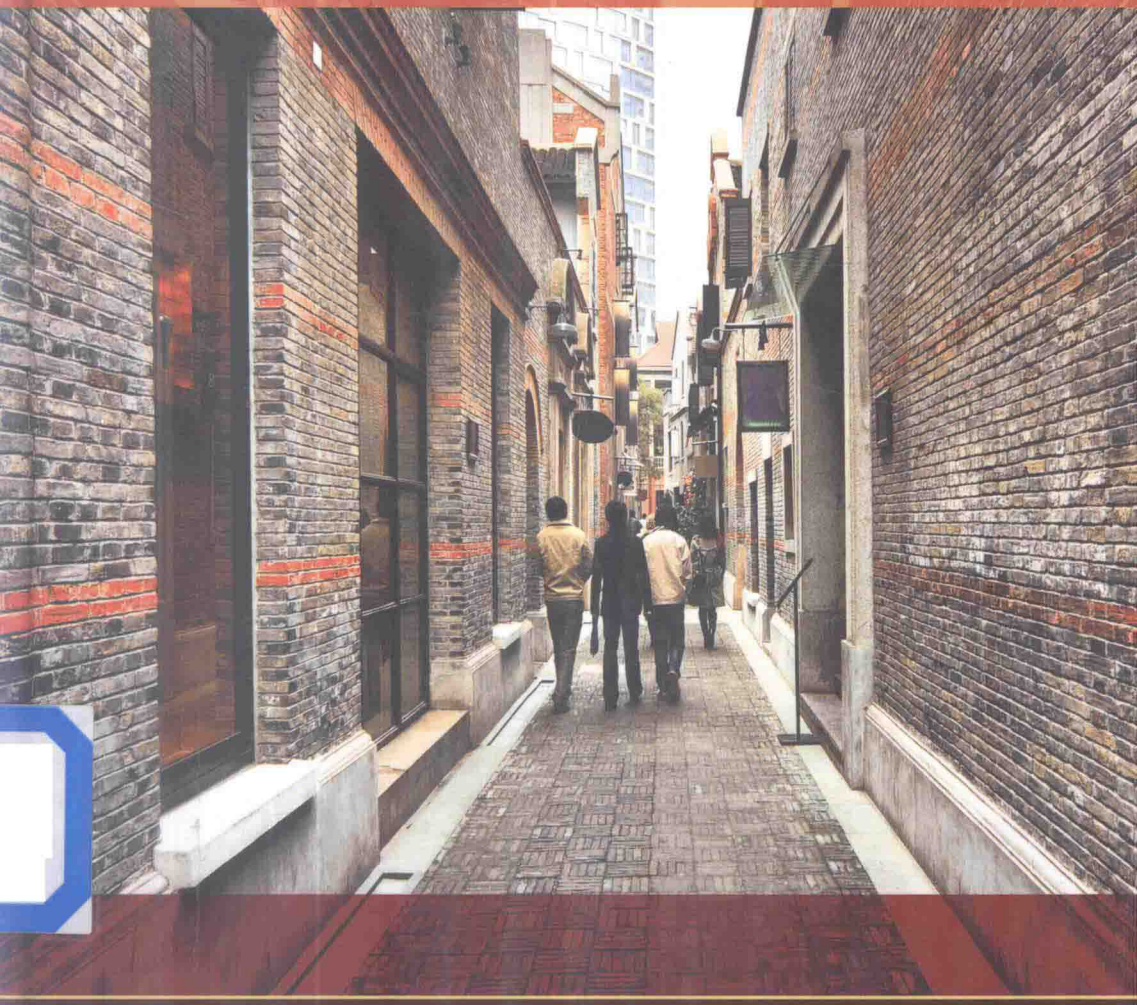

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City University of Hong Kong

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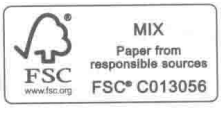

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Contributors

Werner Breitung is an urban geographer with degrees from FU Berlin and University of Basel. He lives in China and has been teaching at the University of Hong Kong and the University of Macau (since 2001) and at Sun Yat-sen University in Guangzhou (since 2004). He joined the Department of Urban Planning and Design at Xi'an Jiaotong-Liverpool University in Suzhou (China) in 2013 as professor. He has also led four major research projects by the German DFG and the Chinese NSFC, and published widely on urban issues, social geographies and borders in the Pearl River Delta.

Hongxia Chai is a teaching fellow in the Department of Social Policy and Social Work at the University of York in the UK. She has completed her PhD and MA in Public Policy and Public Administration at the University of York, as well as an MA in Chinese Politics at the Party School of the Central Committee of the CPC (Beijing). She is specialized in Public Policy, Comparative Social Policy, Governance and Chinese Politics.

Junhua Chen is an associate professor in the Department of Real Estate Management at the Central University of Finance and Economics in Beijing, China. His research covers the real-estate market and management, real-estate finance and investment, urbanization and housing policy.

Limei Chen is a lecturer in the Population Research Institute at East China Normal University (Shanghai). Her forthcoming book, *Private Housing Governance in China: Institution and Practice*, examines the institutions and practice of condominium living in urban China. She is now doing a research project on housing finance and elderly people in Shanghai.

Youhong Chen is Director of the Community and Governance Institute. Her book, an edited volume entitled *Community Governance: From Multicultural Perspectives: Theories and Practice*, with a preface by Nobel Laureate Elinor Ostrom, explores Chinese neighbourhood self-governance's legal foundation, collective actions, institutional choices, and economic and enterprise development. She is researching the relationship between civil society and the state.

Yong Gui is a professor in the Department of Sociology at Fudan University. His research interests include Economic Sociology, Urban Community and Local Governance, Grassroots Contentious Politics, Social Capital and Social Network. He is the author of two books: *Neighbourhood Space: Actions, Organizations and Interactions in Urban Communities* and *Social Foundation of Private Ownership*. His work also appears in *Human Relations*, *Sociological Studies* and other journals.

Shengli Guo is Professor in the Social and Public Administration School, East China University of Science and Technology and doctor of philosophy in political science from Fudan University. She has published three books: *The Creation and Reform of the Residents' Committees: A Case Study of Shanghai*, *The Construction of Sovereign Power and the Restructuring of Urban Society* and *An Analysis of State Power Development in Shanghai in the Early Years of PRC*, as well as a co-authored book, *The International Communities in China within a Globalization Context: An Empirical Study of Changing District, Shanghai* (with Guohong Zhu). She also has written two textbooks and published over 30 academic papers in journals such as *CAAS Journal of Political Science*.

Ronggui Huang is an assistant professor in the Department of Sociology at Fudan University. His research interests include neighbourhood governance in China, Internet and contentious politics, social capital and social networks. His work has appeared in top Chinese journals such as *Sociological Studies*, *Chinese Journal of Sociology*, *Journalism & Communication* and *Journal of Public Management*.

Yihong Jiang is a lecturer at the Centre for East Asian Studies, the Chinese University of Hong Kong. Her research focuses on the sociopolitical and spatial dynamics of urban development. She has written on aspects of urban governance in China, including urban competition and competitiveness, as well as homeowners' groups and housing activism. Her previous writing appeared in journals such as *Cities*, *Journal of Contemporary China* and *Habitat International*.

Weihong Ma is an associate professor in the Department of Public Administration at Shenzhen University, China. She is also a research fellow at the Centre for Contemporary Chinese Political Studies of Shenzhen University. Her teaching and research interests span the fields of local governance, urban China transformation and China's NGOs. Her English articles have appeared in the journals *China Information* (2006), *Journal of Contemporary Asia* (2009) and *Journal of Contemporary China* (2010). She has had a dozen Chinese articles published.

Benjamin L. Read is an associate professor in the Politics Department at the University of California, Santa Cruz. His book, *Roots of the State: Neighbourhood Organization and Social Networks in Beijing and Taipei*, examines the vast networks of urban administrative bodies found in the cities of China and Taiwan as windows on state–society relations. With two co-authors, he is working on a methods book concerning field research in political science.

Xiaoyi Sun is a post doctoral research fellow in the Department of Public Policy at City University of Hong Kong. Her research explores state-fostered and independent associational life at the grassroots level in urban China. She is also interested in urban theories and topics, including the production of space and urban governance.

Juan Tang is an associate professor in the Department of Public Administration at the College of Management, and Director of the Institute of Social Governance Innovation, at Shenzhen University. She completed her doctoral study at Peking University. Since 2003, she has worked on Chinese urban community and local public governance, the urban grassroots-level social movement, and has published seven books (monographs or as chief editor), including *Co-possession, Co-use, Co-governance* and 30 or so papers.

Jianjun Wang is a researcher at the Development Research Centre of Pingshan New District in Shenzhen. She finished her master's studies at Shenzhen University. She has had five papers published, including 'Institutional reasons of owner committees' election conflict' (published in the journal *Social Science Research*, 2009).

Ying Wu is an associate research fellow in the National Institute of Social Development, Chinese Academy of Social Sciences. Her major research covers urbanization, grassroots governance, the sociology of housing and social movement. From 2009 to 2011, she worked for the Department of Public and Social Administration at City University of Hong Kong, and from 2007 to 2008 was a visiting scholar at the Melbourne School of Land and Environment at the University of Melbourne.

Ngai-Ming Yip is Professor in the Department of Public Policy, City University of Hong Kong. He researches on urban and housing issues in East Asia. He has recently published papers on the lateral networks of homeowners' association in China as well as gated communities in Shanghai. He has completed a project on the reinvention of neighbourhood governance in urban China as well as working on a project on urbanization, economic reform and the transformation of the neighbourhood in transitional Vietnam.

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Ngai-Ming Yip
January 2014

Contents

1. Introduction: neighbourhood governance in context

Ngai-Ming Yip

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