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World Politics, Volume 75, Number 3, July 2023, pp. 608-646 (Article)

Published by Johns Hopkins University Press

DOI: <https://doi.org/10.1353/wp.2023.a900714>

WORLD  
POLITICS  
A Quarterly Journal of  
International Relations

Volume 75, Number 3 July 2023

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# THE RISE OF GRASSROOTS CIVIL SOCIETY UNDER ONE-PARTY RULE

## The Case of China's Homeowner Associations

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### ABSTRACT

Conventional wisdom holds that one-party regimes are intrinsically hostile to civil society because organized citizens can threaten the regime's political dominance. Contrary to this view, the authors argue that genuinely voluntary civil society organizations may be tolerated, or even actively promoted, by governments in a one-party system when those organizations can help to efficiently resolve intrasocietal distributional conflicts arising from economic modernization. Using China's homeowner associations (HOAs) as a case, the article demonstrates that local authorities are more likely to promulgate policies that encourage the development of self-organized HOAs when citizens frequently call upon the authorities to intervene and adjudicate their disputes with property development and management companies. An instrumental variables estimation suggests that the relationship is likely to be causal, and additional analyses on mechanisms reveal that citizens' complaints are most effective in eliciting pro-HOA policies when they are targeted at business rather than government actors. These findings highlight an important function of civil society organizations in street-level governance and offer a nuanced interpretation of how pluralistic elements may emerge in nonliberal systems.

### INTRODUCTION

CIVIL society, understood as the voluntary, autonomous realm of citizen action outside the state and the market, assumes a special place in contemporary political science inquiry. A wealth of theoretical and empirical research argues that a robust and active civil society is a key building block for good governance, helping to train responsible citizens, to hold officials accountable, and to provide critical public services

in areas where the government falls short.<sup>1</sup> An active and vibrant civil society is often seen as a hallmark of democratic systems, wherein limited government and constitutionally guaranteed political freedoms provide ample space for civic activism. By contrast, the prevailing view about nondemocratic regimes is that they are intrinsically hostile to the self-organizing activities of citizens.<sup>2</sup> When autocracies do appear to tolerate certain civil society organizations (csos), the common interpretation is that those organizations are either window dressing or essentially instruments for the state to infiltrate or control society.<sup>3</sup>

While the conventional view about the incompatibility of autocracies and csos primarily emphasizes the political threat that citizen activism poses to the state's monopoly over power,<sup>4</sup> a new generation of scholarship has begun to pay increasing attention to everyday, street-level governance challenges under authoritarian rule.<sup>5</sup> According to this new body of research, aside from securing regime survival, government leaders and officials in an autocratic state, similar to their democratic counterparts, also face the responsibility of handling myriad mundane governance tasks at the grassroots level. Their need for information, expertise, and resources from nonstate actors to fulfill those tasks can sometimes help to create important political space for the rise of self-organizing citizen activities.<sup>6</sup>

Building on this new line of research but shifting the focus to intrasocietal dynamics, this article develops and systematically tests a new argument about why relatively autonomous csos may be tolerated, or even actively encouraged, by governments in a nondemocracy. We argue that many csos in nondemocracies should be understood not merely as challengers or collaborators of the state, but also as vehicles that groups of citizens use to organize collective action against other social or economic groups with rival interests. When governing a society with increasingly complex socioeconomic relations, state officials may have an incentive to empower csos that specialize in handling intrasocietal conflict so that citizens with clashing interests and demands can directly confront and negotiate with each other in groups. Promoting this type of cso serves the interest of the government by helping it to maintain a

<sup>1</sup> On responsible citizens, see Putnam, Leonardi, and Nanetti 1994; de Tocqueville 1969. For holding officials accountable, see Stokes 2007. And for critical public services, see Tsai 2007.

<sup>2</sup> Diamond 1999; Linz and Stepan 1996.

<sup>3</sup> Gandhi and Przeworski 2007; Mattingly 2020; Schmitter 1974; Wiktorowicz 2000.

<sup>4</sup> Foley and Edwards 1996.

<sup>5</sup> Giersdorf and Croissant 2011; Mertha 2008; Spire 2011; Yabanci 2019.

<sup>6</sup> Fu 2018; Hildebrandt 2013; Lee and Zhang 2013; Teets 2014; Tsai 2011; van Rooij, Stern, and Fürst 2016.

relatively neutral position in handling intrasocietal disputes while also amplifying divisions among citizens. In other words, our argument suggests that political authorities in nondemocracies may encourage the development of autonomous civil organizations when such organizations can provide effective nonstate solutions to intrasocietal distributional conflicts that could otherwise embroil and overwhelm the state and its officials.

To support this argument, we present a case study of homeowner associations (HOAs) in China. Chinese HOAs are citizen-run grassroots organizations that manage day-to-day affairs in urban residential neighborhoods. They emerged and grew to a large number over the past two decades as China experienced a phase of rapid urbanization and commercial property boom. Contrary to the conventional image of docile and dependent grassroots organizations in nondemocracies, Chinese HOAs are not only financially independent from the government, but also enjoy a substantial degree of autonomy in selecting their leaders, setting rules and procedures, and conducting negotiations with outside parties on behalf of neighborhood residents. Despite this high level of autonomy, political authorities in China have shown considerable interest in promoting HOA development. Many local governments have promulgated policies that encourage the establishment of HOAs and have given HOAs self-governing power and legal recognition to help them play an active role in community affairs.<sup>7</sup> In large cities, such as Beijing, Shanghai, and Guangzhou, local authorities are now seeking to achieve “full coverage” of HOAs in all neighborhoods.<sup>8</sup> Although many existing studies document Chinese homeowner activism,<sup>9</sup> relatively limited research explains why authorities in a one-party regime, such as China, would actively support the development of what is essentially a type of grassroots civil society.<sup>10</sup> We argue that an important reason behind local authorities’ support of HOAs is the desire to shed the onerous responsibility of mediating a rapidly growing volume of economic and regulatory disputes in urban communities.

Our empirical analysis leverages a unique data set that combines municipal regulations on HOAs with novel measures of the level and content of homeowners’ complaints in China’s prefecture-level cities,<sup>11</sup>

<sup>7</sup> Read 2008.

<sup>8</sup> For example, see “Beijing Strives for Full Coverage of Homeowner Association in Five Years” (in Chinese), *Beijing Daily*, at [bit.ly/3cUpnCz](https://bit.ly/3cUpnCz), accessed July 31, 2022.

<sup>9</sup> Cai and Sheng 2013; Read 2003; Tomba 2005; Yip 2019; Zuo 2016.

<sup>10</sup> Heberer and Göbel 2011; Read 2008.

<sup>11</sup> Chinese government has five administrative levels: province, prefecture, county, township/sub-district, and village. Unless otherwise noted, “cities” in this article refer to prefecture-level cities.

drawn from nearly two million petitions collected from the country's largest online petition platform. We investigate whether and how the intensity of online complaints by homeowners is related to local governments' decisions to promote HOAs. Using a series of survival models, we show that local governments are more likely to support the development of HOAs in localities in which a substantial number of homeowners have filed complaints against property developers or managers in their residential neighborhoods. We estimate that a one standard deviation increase in homeowners' complaints is associated with a 45 percent increase in the likelihood of a local government issuing policies that formally endorse the development of HOAs. To address the potential endogeneity issue, we conduct an instrumental variables (iv) estimation using the level of land sales under previous leaders as an instrument for a city's current level of homeowners' complaints. All our results hold, suggesting that the observed relationship is likely to be causal.

We provide several additional pieces of evidence to shed light on the posited mechanism. Using a granular classification of homeowners' petitions that distinguishes among different targets of complaints, we show that policies that encourage HOA development are most responsive to complaints targeting nongovernmental actors, such as real estate developers, property management companies, and contractors, and are much less responsive to complaints that directly criticize local officials' wrongdoings. In addition, we examine the impact of pro-HOA policies. Our findings suggest that the adoption of such policies often leads to a discernible decrease in the level of homeowners' petitions in subsequent years. These results corroborate our argument that the development of HOAs is best interpreted as a strategic response by the state to manage and deflect conflicts in areas where intrasocietal disputes are intense.

Our study is related to a vast body of interdisciplinary research on the nature of civil society and the political conditions under which it emerges. The earlier literature on civil organizations, especially that on nondemocratic regimes, focuses on the democratizing potential of those organizations, viewing them as first and foremost a countervailing political force against the power of the state.<sup>12</sup> More recently, studies have begun to document the presence of collaborative, and sometimes even codependent, elements in the relationship between the state and csos.<sup>13</sup> Jessica Teets, for example, synthesizes these new insights in a model of

<sup>12</sup> Cohen and Arato 1992; Foley and Edwards 1996; Gellner 1994; Schofer and Longhofer 2011.

<sup>13</sup> E.g., Ayana, Arts, and Wiersum 2018; Bindman, Kulmala, and Bogdanova 2019; Collord 2021; Fu 2018; Hildebrandt 2013; Spiers 2011; Teets 2014.

consultative authoritarianism,<sup>14</sup> wherein the government permits the formation of relatively independent csos to assist with governance and development tasks while imposing various indirect control measures to minimize the ability of those groups to challenge the political authority. We contribute to this recent literature in two ways. Theoretically, we advance a different explanation for the political incentives behind allowing greater civic activism. While the existing accounts are centered on how nongovernmental organizations (NGOs) can earn operational autonomy by functioning as a useful third-party provider of services to or on behalf of the government,<sup>15</sup> our argument pays greater attention to the complexities within a society and highlights the role of intrasocietal conflict in propelling political authorities to empower self-organized citizen groups. Recognizing this intrasocietal dimension offers insight into why csos are sometimes tolerated even when their presence does not seem to directly benefit the state. Empirically, our study complements a predominantly qualitative literature by furnishing one of the first sets of quantitative estimates from a national data set on contextual-level determinants of civil society development in a nondemocratic setting.

#### VARIETIES OF CIVIL SOCIETY ORGANIZATIONS IN NONDEMOCRACIES

We define csos as entities that citizens voluntarily join and that operate beyond both the state and the market. While the concept of civil society has an intellectual tradition that reaches back to the social contract theory, Scottish Enlightenment, and German liberalism, contemporary interest in civil society largely stems from its perceived significance in shaping governance outcomes and in driving political change. A sizable body of scholarship argues that csos cannot only induce constructive civic engagement in democracies,<sup>16</sup> but can also provide an important source of social solidarity for antiregime mobilization in nondemocracies.<sup>17</sup> A different line of research cautions against unduly romanticizing the role of csos. The counterarguments suggest that the role of csos in democratization is highly contingent, and that the same organizations may also be used to support antidemocratic agendas or to strengthen top-down political control.<sup>18</sup>

<sup>14</sup> Teets 2014.

<sup>15</sup> Grömping and Teets 2021.

<sup>16</sup> E.g., Putnam, Leonardi, and Nanetti 1994; Varshney 2008; Warren 2001.

<sup>17</sup> Ehrenberg 2011; Howard 2003.

<sup>18</sup> On the role of CSOs in democratization, see Aspinall 2004; Gallagher 2004. On support for antidemocratic agendas, see Berman 1997; Satyanath, Voigtländer, and Voth 2017. On top-down political control, see Mattingly 2020; Riley 2005.

Regardless of their specific claims, most existing studies nonetheless share a common tendency to focus on CSO activities in relation to the state. Research on democratic transitions in Eastern Europe and Latin America typically emphasizes the potential of CSOs to organize citizen resistance against an oppressive regime.<sup>19</sup> The literature on corporatism, by contrast, views CSOs as an effective tool that the state uses to manage organized interests.<sup>20</sup> More recently, a new body of scholarship, partly inspired by the worldwide rise of NGOs and civil groups since the late 1990s,<sup>21</sup> is trying to move away from the control-subversion dichotomy by examining the mechanisms through which a relatively autonomous operating space for CSOs can emerge even under nondemocratic rule. Researchers argue that in areas such as development assistance and social service delivery, permitting some independent CSO activity may benefit the state by bringing in outside expertise and resources to address governance challenges. Yet even in this literature, the analysis is still often centered on how CSOs manage their relationships with the government—either through various forms of lobbying or cultivating positive learning experiences for the officials in charge.<sup>22</sup>

Although state-CSO relations are undoubtedly important, we argue that they are not the only set of relationships that matter for understanding the fate of CSOs in nondemocracies. To the extent that CSOs also regularly interact with other citizens and corporate entities, another important but often overlooked aspect is their relationship with other societal groups.<sup>23</sup> Table 1 depicts four types of CSOs based on different combinations of the two sets of relationships. The top row (regions 1 and 2) represents CSOs whose agendas directly contradict the political interest of the reigning regime. These CSOs may include international prodemocracy NGOs and human rights groups as well as domestic entities, such as unofficial labor unions and underground religious groups. Although some of these groups may also compete with other kinds of social organizations (or with each other) for membership

<sup>19</sup> Cohen and Arato 1992; Di Palma 1991; Gellner 1994; Linz and Stepan 1996; O'Donnell 1978; Oxhorn 2011.

<sup>20</sup> Collier and Collier 1979; Pinto 2018; Schmitter 1974; Stepan 1978.

<sup>21</sup> Bernhard and Karakoç 2007; Haynes 1997.

<sup>22</sup> De Vogel 2021; Hildebrandt 2013; Teets 2014; C. Zhang 2018.

<sup>23</sup> Foley and Edwards 1996. The distribution of spoils and resources among competing social groups is a central issue in politics according to a long and influential line of thought: In *Federalist No. 10*, James Madison regards the competition between factions—associations formed by citizens who share “common impulse of passion or . . . interest”—as a first-order issue that a well-constructed political union needs to address. This characterization of politics also resonates with Harold Lasswell’s well-known statement that politics is about “who gets what, when, how.” See Lasswell 1936. Robert Dahl makes a similar observation that conflicts are ubiquitous in society and can produce a tendency toward pluralism. See Dahl 1978, 196–7.

TABLE 1  
CIVIL SOCIETY ORGANIZATIONS IN NONDEMOCRACIES

		<i>Intrasocietal Conflict</i>	
		<i>Low</i>	<i>High</i>
<i>State-Society Contradiction</i>	<i>High</i>	1. international human rights group; international prodemocracy NGO	2. underground church; independent union
	<i>Low</i>	3. sports and leisure club; international development NGO	4. homeowner association; professional association

and resources,<sup>24</sup> the intrasocietal aspect of the groups' activities is often overshadowed by their relationship with the state. To protect their monopoly over power and to preempt any perceived foreign infiltration, regimes often seek to restrict or even outright ban the activities of these types of csos.

Region 3 represents another type of cso commonly discussed in the literature: those that are neither a major threat to the ruling regime nor in significant conflict with other societal interests. Examples in this category include typical civic associations, such as local sports and cultural clubs or domestic NGOs, serving largely nonpolitical functions. A wide range of political regimes may find these groups tolerable because they generally do not step into the sphere of politics (and therefore are essentially harmless to the authorities). But the incentive to empower these organizations may be relatively weak, except perhaps in situations in which they can serve as government surrogates to provide public services or collect information from society.<sup>25</sup>

Region 4 represents the most interesting case: the csos in this region have no major disagreements with the state but have significant conflicts with the interests of other societal actors. Aside from HOAs, this category may also include professional associations, consumer groups, and environmental NGOs.<sup>26</sup> These associations often have much broader constituencies than sports or cultural clubs, and they often make ideological or material claims that are in direct conflict with other members or groups in society.<sup>27</sup> An association representing the interests of a

<sup>24</sup> X. L. Ding 1994.

<sup>25</sup> Spires 2011. One important exception, as documented by Berman 1997, is the Nazi party taking advantage of the rich presence of nonpolitical civic associations in Weimar Germany to spread its political influence.

<sup>26</sup> Dai and Spires 2018.

<sup>27</sup> Berry 2010; Skocpol 2003.

given profession, for example, may engage in actions that could hurt the interests of that profession's competitors.<sup>28</sup> Consumer groups may advocate for their rights at the expense of sellers or producers. NGOs representing the interests of environmentalists, animal protectionists, or gun-control activists may have to take on groups, such as associations for petrochemical companies, the poultry industry, or gun owners, that are pursuing rival agendas.<sup>29</sup> When the main threat comes not from the state but from other segments of society, csos in region 4 are less likely to see themselves primarily as challengers to the government. On the contrary, they may even have incentive to align themselves closely with the ruling authority to secure the political support that could give them an advantage over their rivals.

From the perspective of the ruling authority, fostering csos whose primary goal is to fight other societal groups may be desirable for several reasons. Most importantly, by encouraging groups of comparable strength to directly bargain with each other, government can avoid making complicated distributional decisions (for example, choosing which group is entitled to certain legal rights or particularistic benefits) that may upset a significant share of its supporters.<sup>30</sup> In societies in which the control over resources is sufficiently decentralized, governments typically need to maintain support and goodwill from multiple constituencies to stay in power and govern effectively. When these supporting groups' interests are at odds, the government may not explicitly take a side but rather let the groups sort out the disputes among themselves through rule-based conflict resolution mechanisms such as courts or elections.<sup>31</sup> Maintaining a neutral posture helps officials to avoid provoking any of their influential constituencies. In some cases, this strategy may even help the government to gain extra support by making it a valuable ally to be courted by all sides.

In addition to the appearance of neutrality, another potential benefit of government encouraging csos in region 4 is that it keeps citizens occupied with squabbles among themselves. This divide-and-rule logic

<sup>28</sup> Abbott 1988.

<sup>29</sup> Conflict between CSOs with contradictory goals and agendas is common in many societies. Robert Fatton, for example, argues that in Africa, instead of embodying the peaceful harmony of associational pluralism, civil society is "conflict-ridden and prone to Hobbesian wars of all against all"; Fatton 1995, 73.

<sup>30</sup> In this article, we conceptualize the term *government* broadly as encompassing not just the national authority but also numerous local governments. The incentive to avoid complicated distributional decisions pertains to officials from all levels of government but can be especially relevant for those in local governments because they are more likely to be directly involved in resolving various forms of intrasocietal disputes than the national government.

<sup>31</sup> Blyades 2010; Przeworski 2018; Whiting 2017.

has a long tradition in statecraft<sup>32</sup> and remains relevant for regimes that wish to prevent their citizens from developing a level of solidarity sufficient to mount collective action against it.<sup>33</sup> Moreover, intrasocietal conflict may reveal valuable information to the government. When conflict is intense, rivaling groups will actively monitor one another and report to the government information about their opponents' wrongdoings. Although the government need not act on all the information that it receives, having such material at hand is useful for tracking activities at the local level and for crafting timely responses to evolving conditions.<sup>34</sup>

Overall, our argument suggests that even in nondemocracies, the political authority may have incentives to encourage the development of csos that are concerned primarily with intrasocietal disputes and conflicts. Activities of such csos can help to extricate the state from the responsibility of making politically controversial distributional decisions and to divert the public's energy to intrasocietal squabbles. Below, we substantiate this argument by presenting a case study on the rise of HOAs in China.

#### EMPOWERING HOMEOWNER ASSOCIATIONS IN CHINA

Although a communist country in name, China has one of the highest rates of private home ownership in the world.<sup>35</sup> Homeowners emerged as a distinct socioeconomic group in the late 1990s as a result of sweeping reforms that terminated the state provision of welfare housing and effectively privatized the housing market.<sup>36</sup> Most urban residents in China today live in gated residential neighborhoods (*xiaoqu*) that have common spaces and shared amenities available exclusively to neighborhood residents. Each *xiaoqu* is typically built by a single real estate developer and it hires a commercial property management company to oversee the shared space and to provide maintenance.<sup>37</sup> Since these companies vary considerably in quality,<sup>38</sup> numerous property-related disputes occur over deeds, management fees, maintenance funds, service

<sup>32</sup> Morrock 1973; Wilson 2016.

<sup>33</sup> For a theoretical exposition of this logic, see Chen and Xu 2017.

<sup>34</sup> Laffont 1999.

<sup>35</sup> In 2019, China's private home ownership rate was 96 percent; Tan and Lin 2021.

<sup>36</sup> Read 2003; Z. Zhang 2021.

<sup>37</sup> The privatization reform transferred property rights over housing from local governments and work units to individual households; it also transferred duties of service provision in newly built neighborhoods. Many old neighborhoods are still managed by neighborhood or township-level administrations.

<sup>38</sup> Read 2003.

standards, and general issues related to the control of the neighborhood.<sup>39</sup> To collectively deal with these challenges, homeowners began to organize HOAs in the 1990s, using them as platforms to coordinate legal and administrative actions against irresponsible developers and management companies.<sup>40</sup>

Initially, HOAs were outside the local governance system. But as property-related disputes became one of the major sources of social unrest in the 2000s, authorities began to take several steps to strengthen and institutionalize HOAs. The central government issued property management regulations (*wuye guanli tiaoli*), or PMR, in 2003 and the Property Law of the People's Republic of China (*wuquan fa*) in 2007. This national legislation granted homeowners the de jure rights to organize HOAs as the self-governing body for a *xiaoqu*,<sup>41</sup> although local authorities at the time still enjoyed considerable discretion in setting the de facto rules for HOAs within their jurisdictions.<sup>42</sup> Further, in 2017, the central party leadership issued an official document that designated HOAs, alongside local Chinese Communist Party branches and the government, as a key local governing institution.<sup>43</sup> This recognition represents a significant elevation of the political status of HOAs.

In contrast to the common image of state-dependent csos in one-party regimes, Chinese HOAs enjoy a remarkable level of financial independence and operational autonomy. They are entirely funded and run by the homeowners in the *xiaoqu*, and only those who own property in the *xiaoqu* are eligible to be a member of its HOA.<sup>44</sup> In addition, while all other NGOs must be sponsored by a government agency at the county level or above to operate legally in China, HOAs can obtain legal status by simply registering with the subdistrict-level administration, which

<sup>39</sup> Typically, the default property management company of a newly built residential project is a subsidiary of the real estate developer. In many localities, weak regulations and low entry barriers have led to the proliferation of numerous small- to medium-size property management companies that frequently violated homeowners' rights.

<sup>40</sup> Cai 2005; Read 2008; Yip 2019; Zuo 2016.

<sup>41</sup> These legislations stipulated that HOAs could formulate and enforce their own bylaws and rules, elect or recall the members of the homeowner committee, hire or discharge property management companies, and make legally binding decisions on major items concerning property management. HOAs were thus granted substantial power over residents' daily lives in matters like security, parking, utilities, construction, sanitation, and greenery.

<sup>42</sup> Author interview with a former director of the homeowner committee of the Shuiqing Muhua Community in Beijing, China, July 18, 2019.

<sup>43</sup> On June 12, 2017, the Central Committee of the Chinese Communist Party and the State Council jointly issued the Opinion on Strengthening and Improving Urban-Rural Community Governance, the party's first political document recognizing the legal status of HOAs.

<sup>44</sup> A well-known, outspoken homeowner activist who we interviewed in Beijing boasted about how he had once refused to lease an apartment unit to street-level bureaucrats and thereby kept them from setting up an office in his residential neighborhood; author interview, July 21, 2019.

gives them considerable operational independence from the upper-level government. Moreover, an HOA's right to democratic decision-making is legally recognized and protected.<sup>45</sup> In many ways, HOAs may be closer to the ideal conception of a civil society group than any other organization in China. As one Chinese scholar puts it, "HOAs are the only csos in China that resemble their democratic counterparts: homeowners manage their own affairs using their own money according to their own rules and procedures."<sup>46</sup>

From the government's standpoint, encouraging this type of independent, citizen-run organization is not without cost or risk. First, citizen activism through HOAs often demands greater administrative transparency and imposes limits on rent-seeking opportunities, both of which may go against the interests of many street-level bureaucrats and local cadres.<sup>47</sup> More importantly, unlike NGOs, many of which are third-party service providers, HOAs represent a form of "collective empowerment" for citizens,<sup>48</sup> giving them the ability to resist and even to challenge government policies as a group. Although the membership of HOAs is usually limited to residents of the same residential community, community-based actions can sometimes produce a ripple effect across society when publicized on social media and emulated in other localities.<sup>49</sup>

Given these potential downsides, why would the Chinese state actively encourage HOA development? Building on the theoretical reasoning described above, we argue that the government welcomed HOAs because empowering them enabled the government to shed the responsibility of directly managing disputes between homeowners and

<sup>45</sup> For instance, an HOA session can be legal only if more than half of the HOA members are present, and the attending members collectively own more than half of the total apartment area in the *xiaoqu*. In addition, any HOA's decision must be approved by more than half or two-thirds of the participants, depending on the issues. These high thresholds make it difficult for the local state to intervene in the HOA's internal affairs. Any attempt to circumvent these rules can be challenged by homeowners in court. A street-level official informed us that being sued by the residents has a substantial negative affect on the evaluation of their work performance; Author interview with a street-level vice party secretary in Beijing, July 10, 2019.

<sup>46</sup> Author interview with a professor at Renmin University, Beijing, July 22, 2019.

<sup>47</sup> Empowering homeowners' self-governance often means that local bureaucrats will have fewer rents to extract from a neighborhood's maintenance projects, as it is common for developers and property management companies to hire relatives of these bureaucrats; Author interview with a homeowner activist, Beijing, July 21, 2019. In addition, local officials may find it harder to impose their will on a neighborhood after the establishment of an HOA because many initiatives affecting residential neighborhoods now must be approved by the HOA before they can be implemented legally; Author interview with a street-level vice party secretary, Beijing, July 10, 2019.

<sup>48</sup> Howell 2015.

<sup>49</sup> For instance, the Covid-19 lockdown measure was relaxed in a Shanghai neighborhood after its HOA organized a protest against the street-level government; Author online interview with a homeowner activist, Shanghai, May 24, 2022. The rights-based protests of homeowners have been well documented in not-in-my-backyard (NIMBY) protests as well. See "Tianjin Homeowners Stage Anti-government Protest over Chemical Blasts," *Euronews*, at [bit.ly/3wNkqBU](https://bit.ly/3wNkqBU), accessed June 10, 2022.

property developers or management companies.<sup>50</sup> For local government officials, adjudicating such disputes is difficult because significant stakeholders exist on both sides; in many localities, the real estate sector is a major business interest whose investments and profits are a crucial source of economic growth and fiscal revenue.<sup>51</sup> Local governments also cannot afford to offend the interests of homeowners, who are typically urban, affluent, and well-educated.<sup>52</sup> Many homeowners are highly resourceful individuals who know how to put pressure on the government, and some even possess personal connections with high-level authorities.<sup>53</sup> As a local official stated in an interview:

We are in a dilemma . . . Property management companies say that they have made upfront investment in the neighborhood . . . yet [they] have not collected enough fees to meet the ends. How could they leave? Homeowners say that they want the government to help them. How can we not help? All the conflicts between the property management and residents are passed on to the government. But are we the boss of those property management companies? No. Homeowners themselves should fix the problem. Now the HOA has the authorization from all the homeowners. What power does the government have to regulate HOAs? How can we protect homeowners' interests? It's beyond the government's influence.<sup>54</sup>

Having a functioning HOA in the neighborhood allows homeowners to coordinate action and to negotiate as a group with developers and property management companies,<sup>55</sup> which saves local government the

<sup>50</sup> We do recognize, however, that HOAs sometimes vary considerably in terms of their institutional forms and effectiveness in solving neighborhood problems; He 2015. Although the variations are partly driven by differences in organization structure and resource endowment, another crucial factor is the attitude of the local government; Tomba 2005; Z. Wang et al. 2013. According to F. Wang 2014, whether the local government supports HOA activities is often one of the most decisive factors in shaping HOAs' access to legal or administrative resources in their negotiation with commercial actors.

<sup>51</sup> Jiang and Zeng 2020.

<sup>52</sup> Chen and Lu 2011.

<sup>53</sup> For example, retired senior officials can change the course of policymaking when they believe their rights have been violated by a realty business. For a related news report, see "Retired Senior Official Encountered Difficulties When Defending His Rights" (in Chinese), *The Paper*, at [bit.ly/3mqQ0BU](http://bit.ly/3mqQ0BU), accessed June 10, 2022.

<sup>54</sup> Author interview with a street-level bureaucrat, Beijing, September 9, 2020.

<sup>55</sup> Aside from self-organized HOAs, local governments have several other options for dealing with homeowner–real estate conflicts. One alternative is state-sponsored mediation, which can be done through channels like the coopted grassroots organizations, the traditional people's mediation committees, and the "grand mediation" mechanism; Zhuang and Chen 2015. However, these channels tend to generate considerable administrative burdens on the government (especially when many users exist) and because of regular bureaucratic interference, they are not always effective in resolving disputes; Hu and Zeng 2015. When homeowners are unsatisfied with the mediation results, they can still take their cases to the court or use other contentious methods to put pressure on the government. In addition to mediation, some local governments have tried establishing state-directed neighborhood mass organizations (sometimes known as self-managing committees), but those organizations typically do not have any formal standing in the local governance structure, and their legality is frequently challenged by residents; Author interview with a street-level vice party secretary, Beijing, July 10, 2019. The relative inadequacy of these alternative conflict-resolution measures is in part what makes promoting HOAs an attractive option in the eyes of local officials.

trouble of directly interfering with real estate businesses on behalf of homeowners.<sup>56</sup> Anecdotal evidence suggests that this convenience was a major reason governments encouraged HOA development in several major cities. In Shenzhen, for example, more than half of the complaints received by the mayor's hotline in 2016 were from homeowners. The city government subsequently revised the local PMR to lower the requirement for HOA board elections, citing problems related to property disputes as the main reason for the revision.<sup>57</sup> In Shanghai, in which more than 90 percent of residential neighborhoods have established HOAs,<sup>58</sup> homeowner activists told us that one district government began to actively push HOAs in its jurisdiction to hold regular elections after homeowners had flooded the government headquarters with thousands of complaints and organized protests outside government buildings. As an activist described the issue:

I think officials took us seriously because they can only find peace if our neighborhood becomes harmonious. Otherwise, they have to deal with our complaints every single day. If they want to get away from this mess, then let us manage our own affairs. I believe, if the government and the police continue to collaborate with us, we will have more orderly neighborhoods and fewer petitioners in Shanghai and elsewhere.<sup>59</sup>

These examples suggest that intense disputes between homeowners and property developers or managers could be a cause for local governments' decisions to support and empower HOAs. But whether this relationship exists only in isolated cases or whether it represents a more systematic pattern is still unclear. In the sections that follow, we provide a quantitative test of the relationship between homeowners' complaints and pro-HOA policy using data from a national sample of prefecture-level cities.

## RESEARCH DESIGN

### DEPENDENT VARIABLE

The main outcome variable in our study is local governments' policy support for HOAs. To measure it, we collected and coded all the regulations and policies related to property management across China's

<sup>56</sup> Author interview with a street-level party secretary, Guangzhou, March 10, 2016.

<sup>57</sup> See "Statement on the Property Management Regulation of Shenzhen Special Economic Zone" (in Chinese), at [bit.ly/3y4dv5O](https://bit.ly/3y4dv5O), accessed June 10, 2022.

<sup>58</sup> See "Shanghai Has the Highest Homeowner Association Formation Rate Nationwide" (in Chinese), *Xinmin Newspaper*, at [bit.ly/3yaWB5E](https://bit.ly/3yaWB5E), accessed June 10, 2022.

<sup>59</sup> Author interview with a homeowner activist in Shanghai, June 16, 2019.

prefecture-level cities.<sup>60</sup> These government documents typically stipulate detailed rules and conditions for the establishment and operation of HOAs and provide the legal basis for homeowners to register HOAs and defend their interests.<sup>61</sup> We used a binary indicator to measure whether a city government issued any local regulations in favor of HOA development up to a given year. The variable takes the value of one if a city government issued a policy on HOAs that includes the following three elements: (1) recognition of homeowners' rights to establish HOAs, (2) administrative and procedural prerequisites for establishing an HOA,<sup>62</sup> and (3) minimum participation requirements for homeowners and funding sources for the HOA preparatory group.<sup>63</sup> In the Chinese context, having a policy that clearly articulates the preconditions for forming HOAs typically represents a favorable response from the government because local officials then could no longer reject homeowners' requests to form HOAs without any justification. Likewise, the membership and funding source requirements are provisions that facilitate the establishment of HOAs. The requirement on funding sources helps to secure financial resources for HOAs during the initial phase of their operation, and the owner-as-member requirement further ensures that HOAs will not be infiltrated by business representatives or grassroots cadres. Even if low-level bureaucrats try to block homeowners' attempts to register their associations, activists can use these rules to challenge government decisions and defend their lawful rights.<sup>64</sup>

According to these criteria, we identified a total of seventy-two cities that promulgated pro-HOA policies between 2009 and 2018.<sup>65</sup> This figure amounts to 25 percent of our full sample of prefecture-level cities.

<sup>60</sup> A regulation (*tiaoli*) is passed by the city's legislature and approved by the provincial legislature. A measure (*banfa*, *guiding*, *shishi banfa*, *shishi xize*) is a discretionary policy order issued by the city's government. We searched these key words (regulation and measure) to locate the range of the documents from PKU Law ([www.pkulaw.cn](http://www.pkulaw.cn)), the largest online law and policy database in China.

<sup>61</sup> An important goal of homeowners' activism was to pressure local governments to provide clearer and detailed implementation rules regarding the establishment of HOAs; Author online interview with a homeowner activist, Ankang, October 16, 2020.

<sup>62</sup> The typical preconditions for establishing an HOA are (1) when more than 50 percent of the building area in the residential neighborhood has been sold, (2) when the occupancy rate exceeds 50 percent, or (3) when the first homeowner has lived in the building for more than two years.

<sup>63</sup> An HOA preparatory group fulfills the preparation work for the first meeting of homeowners, including registration for qualified homeowners, making rules for deliberation, choosing candidates for and devising rules to govern the election of members to a homeowner committee, and so on. A preparatory group's members consist of homeowners, developers, the street office, and the residential committee.

<sup>64</sup> Distelhorst 2017.

<sup>65</sup> During this period, city governments' HOA regulations were typically issued in one single regulatory document. Once permitted, a reversal of policy (i.e., reimposing restrictions on HOAs) was difficult and extremely rare. Thus, the chief variation across cities is the amount of time it took for a local government to issue a pro-HOA PMR.

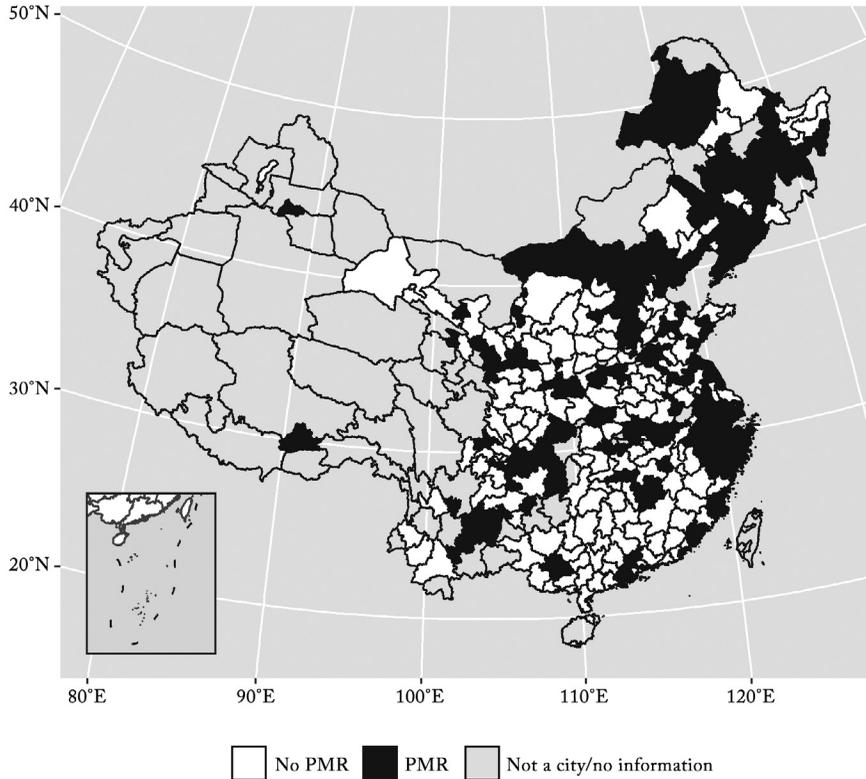


FIGURE 1  
PROPERTY MANAGEMENT REGULATIONS IN CHINA<sup>a</sup>

<sup>a</sup> In province-level and prefecture-level cities with PMR (black), property management regulations were issued by 2018.

Figure 1 illustrates the spatial distribution of the PMRs. The number of newly promulgated policies is distributed relatively evenly over the sample period, with the highest number (eleven) recorded in 2013.

#### INDEPENDENT VARIABLE

To measure the intensity of property-related intrasocietal conflicts, we used online petition data collected from the Message Board for Leaders (MBL).<sup>66</sup> Petitioning is a common method for Chinese citizens to

<sup>66</sup> Available at [liuyan.people.com.cn](http://liuyan.people.com.cn). The platform was previously known as the Local Leader Message Board. A recent upgrade has added new message boards for leading officials in central government ministries.

communicate their grievances to political authorities.<sup>67</sup> With the rapid expansion of the Internet in China over the past decade, a substantial share of these petitioning activities has occurred in cyberspace. The MBL is large and the only national-level electronic petition platform in China. It offers a relatively open and convenient way for citizens to submit complaints about personal or community issues to senior party and government leaders at various levels. The content of the petitions (and the responses from officials) are made publicly available online for other citizens to view. The petitions cover a wide range of issues, including property management, land taking, labor disputes, and local corruption. Prior studies utilizing this data source have shown that users of the platform come from all over China rather than from just a few affluent localities.<sup>68</sup> Evidence also exists that the volume of MBL petitions tracks reasonably well with online petitions submitted to locally run petition platforms<sup>69</sup> and with offline contentious activities (for example, protests) in the same issue areas.<sup>70</sup>

We scraped the entire body of petitions filed on the MBL between 2008 and 2017 (approximately two million) and used convolutional neural networks (CNN) to analyze and classify petition posts. CNN is a supervised, deep-learning algorithm widely used in automated text analysis. Compared to other methods, such as a simple key word search or unsupervised topic modeling, a notable advantage of CNN is that it enables researchers to create customized text classifiers based on relatively nuanced features of the text. Doing so is especially important for our analysis because although homeowners can make many kinds of complaints (for example, heating, parking, noise, or safety), we are primarily interested in complaints involving property-related disputes.

To implement CNN, we first randomly sampled 1,200 online petitions from the entire data set and manually reviewed each one to determine whether it was a property-related complaint from a homeowner. About 20 percent of the petitions were coded as such in our training set.<sup>71</sup> We

<sup>67</sup> Shi 1997. We recognize that aside from petitioning, several other means exist through which Chinese citizens could contact their government and seek resolution of distributional disputes, including legal procedures, institutionalized mediation platforms, and contentious collective protests. However, these alternative means are more difficult to measure systematically than petitions due to the lack of high-quality, uncensored data. Given the low-cost nature of online petitions, many citizens who engage in more costly actions often petition at the same time. From a statistical point of view, then, variations in the intensity of petitions will be positively correlated with variations in activities in other channels.

<sup>68</sup> Jiang, Meng, and Zhang 2019.

<sup>69</sup> Meng and Yang 2020.

<sup>70</sup> Jiang and Zeng 2020.

<sup>71</sup> For concrete examples of complaints from homeowners, see section B.2 in the supplementary material.

used this data set to train the CNN classifier. The training followed an iterative process that passed the training data set forward and backward through the CNN multiple times (epochs) to extract features of labeled complaints and update the parameters for later prediction.<sup>72</sup> We evaluated the performance of the classifier during each epoch of training by using a random subset of the training set as a holdout for validation. The classifier stabilized after around the seventieth epoch iteration. The final classifier achieved an accuracy of approximately 96 percent on the training set and 99 percent on the validation set (see figures B.1 and B.2 in the supplementary material). We then evaluated the performance of the classifier on a testing data set of 550 prelabeled, out-of-sample petitions, of which 23 percent were homeowners' complaints. Our model correctly classified 93 percent of homeowners' complaints and 99 percent of nonhomeowners' complaints.<sup>73</sup> Overall, these diagnostics suggest that our CNN model is reasonably accurate. We next applied the classifier to every petition post in the entire data set and aggregated the number and percentage of homeowners' complaints by city and year. From 2008 to 2017, an average city in our sample received about fifty property-related complaints from homeowners each year. The standard deviation of homeowners' complaints was 2.5 times greater than the mean, suggesting substantial variation in property-related grievances across cities.

Using online complaints as a measure of dispute intensity may raise the concern that certain kinds of complaints may be systematically censored.<sup>74</sup> Although this concern is certainly legitimate, importantly, complaints about local property management are not politically sensitive in

<sup>72</sup> For detailed configurations of our convolutional neural networks, see section B.1 in the supplementary material. Cantú 2019 provides a step-by-step illustration of how CNN works in graphic classification.

<sup>73</sup> See Table B.1 in the supplementary material. The overall accuracy rate of the CNN model is 97 percent. Among the 8 percent misclassified complaints in the testing set, only 1 percent was false positives (labeling a petition as being from homeowners when it was not), and 7 percent was false negatives (failing to label a petition as being from homeowners when it was). The result is desirable because we are concerned about false positives. A large number of nonhomeowners' complaints contain property-related key words and may be falsely classified as homeowners' complaints when the false-positive rate is high.

<sup>74</sup> Another related concern is whether variations in petition intensity simply reflect variations in Internet access. Several facts about online participation in China may help to assuage this concern: (1) China has an unusually high Internet penetration rate, with more than 90 percent of villages having Internet coverage as early as 2009; (2) homeowners are typically urban, educated middle-class who have better access and greater familiarity with online technology than the average Chinese person; Cai and Sheng 2013; and (3) online petition is an increasingly popular method for contacting government in China. As of 2017, more than half of the petitions received by the government came from online channels, and homeowners have been particularly active in using online channels to communicate their issues and demands. See "Online Petitions Are Becoming the Main Method of Petition" (in Chinese), at [goo.gl/7ftqA1](http://goo.gl/7ftqA1), accessed June 10, 2022.

the Chinese context.<sup>75</sup> In prior studies, interviews with MBL staff suggest that the platform has a much more lenient censorship policy than most social media sites in China.<sup>76</sup> Moreover, compared to locally run petition platforms, an additional advantage of using data from the centrally managed MBL is that local governments (which are the main targets of criticism in petitions) cannot easily hide or remove content unfavorable to them.<sup>77</sup>

As a validation check, we examined the correlation between our CNN-generated measure and two alternative proxies for the intensity of property-related disputes. The first is homeowners' protests, which we obtained from the Wickedonna protest data set. Two activists constructed this data set, based on an extensive search of domestic and foreign social media sites; it records protest incidents in China from July 2013 to June 2016.<sup>78</sup> The second proxy is based on the search interest for homeowner and property-related key words on the Internet. Specifically, we used the Baidu index (the Chinese equivalent of Google Trends) for a set of key words related to HOAs (*yezhu dahui* or *yezhu weiyuanhui*) and property management companies (*wuye gongsi*)—both of which are crucial actors in property-related disputes in urban areas. The expectation is that search interests for those terms will be stronger in localities in which conflicts between homeowners and property management companies are more intense.<sup>79</sup> As Figure 2 shows, the share of MBL petitions from homeowners is strongly and positively associated with both the frequency of homeowners' protest and the search interest for the specialized terms in a given locality. These results give us greater confidence in the validity of our measure.

## ESTIMATION FRAMEWORK

We estimate a Cox proportional hazards model with the following specification:

$$h_i^{policy}(t) = h_0(t) \exp(\delta \% Homeowner\ complaints_{i,t-1} + \mathbf{X}\beta_i), \quad (1)$$

where  $h_i^{policy}(t)$  is the hazard function of policy enactment for city  $i$  at time  $t$ . Since policies that liberalized HOAs were typically issued only

<sup>75</sup> Consistent with this, Göbel 2021 finds that when the target of a protest is a private actor (e.g., a fraudulent developer), the likelihood of repression is considerably lower than when the target is the local government.

<sup>76</sup> Jiang, Meng, and Zhang 2019, 533.

<sup>77</sup> Jiang and Zeng 2020.

<sup>78</sup> For detailed descriptions of this data set, see Göbel 2019 and H. Zhang and Pan 2019.

<sup>79</sup> For more details on the key words we use, see section C in the supplementary material.

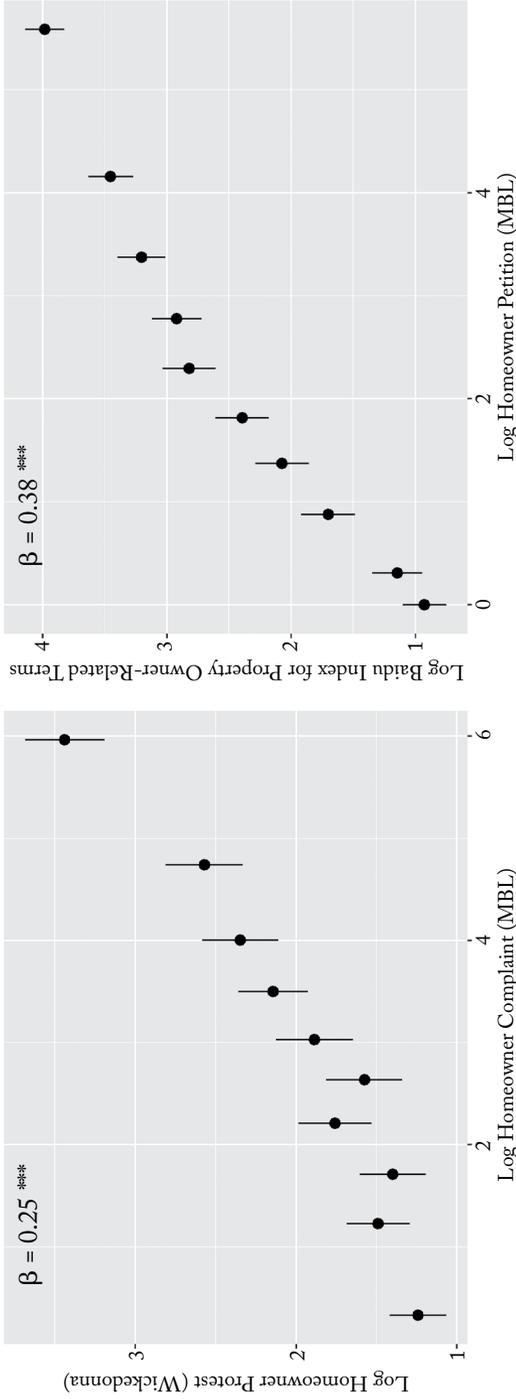


FIGURE 2  
VALIDATING HOMEOWNERS' ONLINE PETITIONS<sup>a</sup>

<sup>a</sup> The figure presents binned scatter plots on the relationship between our petition-based measure of homeowners' complaints and two alternative measures based on protests and Internet search intensity. The data on homeowner protests are from the Wickedonna protest data set and search intensity is the sum of the Baidu search index for key words related to HOAs (*yezhu dabui*), homeowner committees (*yezhu wuyuanhui*), and property management companies (*wuye gongsi*). The numbers printed on the top-left of each panel are regression coefficients, controlling for GDP per capita and population size. For more details on the data sources and the numerical results of the regressions, see tables A.3 and A.4 in the supplementary material.

once during the sample period and virtually no policy reversals occurred, a survival model is the most appropriate choice for estimation.<sup>80</sup> The hazard rate is stratified by localities' administrative rank because higher ranking cities may enjoy greater discretion in setting local regulations and policies.<sup>81</sup>  $\%Homeowner\ complaints_{i,t-1}$  measures the share of homeowners' property-related complaints in the entire body of complaints for city  $i$  in the previous year,  $t-1$ . The key coefficient of interest,  $\delta$ , measures the extent to which the decision by local government to promulgate pro-HOA policies is linked to property-related grievances from homeowners. Based on the discussion above, we expect  $\delta$  to be positive and statistically significant.

$\mathbf{X}$  is a vector of covariates that may confound the relationship between homeowners' petitions and HOA policy change. We include three sets of variables. The first set consists of socioeconomic covariates. The level of economic development (measured by *log GDP per capita*), for example, may affect both the frequency of homeowners' complaints and the city government's preference in handling homeowner-developer conflicts. Citizens in more-developed cities may be more active in contacting their local governments, and officials in such developed areas may hold more liberal-leaning policy preferences and therefore have a more welcoming attitude toward csos.<sup>82</sup> We also control for the logged average property price in a city (*log property price*) and the city government's *land revenue dependency*.<sup>83</sup> Higher property prices mean more valuable homes, which could make homeowners more sensitive to infringements on their ownership rights. A higher level of land revenue dependency implies that the local government relies more heavily on the real estate sector to generate revenue and as such, may be less inclined to protect homeowners' interests via institutional reform.

The second set of covariates is related to the demographic and career attributes of local leaders. In it, we control for party secretary and mayor age, education, gender, political connection to the incumbent provincial party secretary, tenure length, and the amount of time they have spent working in the current city.<sup>84</sup> These attributes may affect local

<sup>80</sup> Our main results are also robust to using alternative estimation strategies, such as logistic regression with duration splines (see Table D.3 in the supplementary material).

<sup>81</sup> Specifically, we distinguish between the vice provincial-level cities and ordinary prefecture-level cities.

<sup>82</sup> As a robustness check, we use the average years of education in the local population as an alternative measure of economic development and find essentially similar results (see tables D.4 and D.5 in the supplementary material).

<sup>83</sup> *Land revenue dependency* is measured by the logged ratio of annual land conveyance fees to a local government's own-sourced fiscal revenue in that year.

<sup>84</sup> Data on the biographical information of local leaders are from Jiang 2018.

leaders' policy preferences by shaping their career prospects. The amount of time spent in the current city, in particular, may be correlated with the kinds of reform preferred by the city leader; a lengthy local career sometimes enables local officials to develop close relationships with real estate developers, who are often the targets of homeowner activism, making officials more likely to side with developers when conflict arises. Political connection is another factor that has been documented to have significant bearing on local leaders' behavior. Well-connected leaders may possess greater informal political capital with which they can push policy reform,<sup>85</sup> but they may also have strong incentives to promote development and urbanization, which can lead to more frequent homeowners' complaints.<sup>86</sup>

The third set of covariates that we include captures the influence of vertical and horizontal diffusion of government policies. It is possible that local policymakers initiate reform not because of demands from homeowners within their jurisdiction but rather because of peer pressure from neighboring cities or political mandates from above.<sup>87</sup> To account for horizontal policy diffusion, we include a variable that measures the number of neighboring cities in the same province that have issued similar pro-HOA policies. To account for the influence of top-down mandates, we use a binary variable that indicates whether a policy on HOA establishment has been issued by a city's supervising provincial government in a given year.

#### IDENTIFICATION STRATEGY

Despite the inclusion of an extensive set of covariates, estimates from the conventional Cox model may still be biased if unobserved confounders exist that influence both the explanatory and outcome variables. To address this concern, we conduct an IV estimation. We instrument a city's current level of homeowners' complaints by the local government's past level of *land revenue dependency*. Since an important way to generate fiscal revenue is to sell the use rights of state-owned urban land to real estate developers, local governments that witness a significant increase in land revenue dependency are often those that have recently overseen rapid expansion in the real estate market. Having many private properties built and sold around the same time can lead to a surge in homeowners'

<sup>85</sup> Jiang and Zeng 2020.

<sup>86</sup> Jiang 2018.

<sup>87</sup> Rithmire 2014.

complaints several years down the road.<sup>88</sup> As long as we assume that past land revenue dependency is not related to current policies on HOAs by any means other than through homeowners' complaints, this IV design allows us to obtain a consistent estimate of the effect of complaints on HOA policy.<sup>89</sup> In Table D.8 in the supplementary material, we provide evidence that our instrument is not strongly correlated with either the contemporary values of important socioeconomic indicators or other types of petitions not directly related to homeowners' disputes with real estate businesses. This evidence gives us some confidence that the exclusion restriction of the IV design is likely to hold.<sup>90</sup>

We perform the IV estimation using the structural Cox proportional hazards model method.<sup>91</sup> This method follows a two-stage procedure similar to the standard least squares IV models: it first generates a predicted value of the percentage of homeowners' complaints ( $\overline{\%Homeowner\ complaints}$ ) based on the IV and the exogenous controls, and then substitutes the predicted value for the actual  $\%Homeowner\ complaints$  variable when estimating the Cox model in the second stage. The estimation framework can be written as:

$$\%Homeowner\ complaints_{i,t} = \rho Land\ revenue\ dependency_{i,t-5} + \mathbf{X}\boldsymbol{\eta}_i + \tau_i + \varepsilon_{i,t} \quad (2)$$

$$h_i^{policy}(t) = h_0(t) \exp(\delta \overline{\%Homeowner\ complaints}_{i,t-1} + \mathbf{X}\hat{\boldsymbol{\beta}}_i), \quad (3)$$

where  $\mathbf{X}$  includes the covariates detailed in the section above, and  $\boldsymbol{\eta}_i$  captures the year fixed effects. We use land revenue dependency under the

<sup>88</sup> In China, local governments are under constant pressure to deliver economic growth and promote urbanization. City officials often mortgage the use rights of state-owned land to finance various infrastructure projects and later rely on land conveyance fees collected from real estate firms to pay off their debts; Ong 2014. To speed up the transaction process, local officials sometimes turn a blind eye to unqualified companies and even help these entities to circumvent regulations, leading to a proliferation of property title frauds and poor services. Homeowners often cannot detect these problems until they have moved in. Thus, often a gap of three to five years occurs between land conveyance by city governments and the rise of property-related complaints from homeowners.

<sup>89</sup> One potential concern with this instrument is that it may simply reflect the difference in urbanization rates across cities. Of note, with city and year fixed effects included in the first stage of the IV estimation, our instrument captures not the average cross-sectional variation across cities, but rather the variation in the timing at which cities became land revenue dependent. Two cities with identical current levels of urbanization may still differ in the value of our instrument depending on when the urbanization drive occurred. In the supplementary material, we show that our main results are robust to controlling for the contemporary level of urbanization, see tables D.4 and D.5.

<sup>90</sup> In addition to the main instrument, we also conduct estimation using two alternative instruments that leverage cross-city diffusion of land sales and petition activities, and obtain very similar results. See Table D.9 in the supplementary material for details.

<sup>91</sup> Martinussen, Sørensen, and Vansteelandt 2019. For implementation details, see Sjolander and Martinussen 2019.

city's previous party secretary (at least five years ago) as the instrument for the current level of homeowners' complaints. The expectation is that the combination of a significant time lag and leadership turnover provides a more plausible condition for the exclusion restriction by eliminating many alternative channels, such as policy diffusion or leadership preferences, through which past land sales could be related to current cso policies. The F-statistic for the first-stage regression is 10.75, suggesting that past land sales are indeed a reasonably strong predictor of current levels of homeowners' complaints.

## RESULTS

### BASELINE RESULTS

Table 2 presents the main regression results. Column 1 uses the most parsimonious Cox hazard model, which includes only the main independent variable. Column 2 stratifies the baseline hazard by cities' administrative rank and controls for local socioeconomic conditions as well as for policy diffusion patterns. Column 3 additionally includes the leadership covariates. Throughout these models, homeowners' complaints have a consistently positive and statistically significant association with local governments' policy support for HOAs. The coefficient estimates suggest that a one standard deviation increase in the percentage of homeowners' complaints is associated with a roughly 45 percent increase in the odds of the government issuing pro-HOA policies.

Columns 4 to 6 repeat the same analysis using iv Cox models. We see that the iv estimates are not only statistically significant, but also considerably larger than the conventional Cox estimates, suggesting that a large share of homeowners' complaints may be correlated with unobserved factors that on balance tend to discourage local governments from issuing pro-HOA policies.

The coefficients for several control variables are worth noting. For example, we see that both property price and neighboring cities' regulations are positively and significantly associated with pro-HOA policy changes. Interestingly, we see that the presence of a provincial-level policy does not significantly increase the likelihood of a similar policy being issued at the city level, which seems to suggest that limited top-down pressure does exist on such policy and that local governments are largely left to their own discretion in making decisions.

TABLE 2  
MAIN RESULTS<sup>a</sup>

	<i>DV: Policy Promoting Homeowner Associations</i>					
	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Cox</i>	<i>Cox</i>	<i>Cox</i>	<i>IV Cox</i>	<i>IV Cox</i>	<i>IV Cox</i>
% Homeowner complaints	6.13***	6.02***	5.85***	5.94**	7.70**	8.14**
	(1.76)	(1.95)	(2.03)	(2.31)	(3.45)	(4.06)
Log GDP per capita		0.08	0.14		0.03	0.08
		(0.22)	(0.23)		(0.22)	(0.26)
Log property price		1.32***	1.28***		1.32**	1.26*
		(0.44)	(0.47)		(0.57)	(0.75)
Log land-revenue ratio		-0.04	-0.08		-0.07	-0.06
		(0.19)	(0.18)		(0.18)	(0.20)
Neighboring city regulations		0.16***	0.16**		0.16**	0.16*
		(0.06)	(0.07)		(0.07)	(0.09)
Provincial regulation		-0.38	-0.36		-0.38	-0.32
		(0.30)	(0.32)		(0.34)	(0.47)
Strata: administrative level		✓	✓		✓	✓
Leadership covariates			✓			✓
Observations	2001	1889	1864	1873	1796	1778

\*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$  (two-tailed test); standard errors clustered at the city level are reported in parentheses.

<sup>a</sup> Columns 1–3 report the coefficients from Cox proportional hazard regressions. Columns 4–6 report the coefficients from IV Cox estimation. Models 2, 3, 5, and 6 include stratification with hazards specific to administrative level. City leadership covariates include the following variables for both the party secretary and the mayor: *age, connection, education, local time, gender, and tenure*.

## ROBUSTNESS

We conduct a series of additional tests to ensure the robustness of our results. Due to space limitations, we summarize the findings here and report the detailed numerical results in Appendix D in the supplementary material. To begin, we show that our results are robust to modifications of the sample coverage and to alternative ways of constructing the main variables.<sup>92</sup> We include in our regressions additional control variables that might confound the relationship between intrasocietal

<sup>92</sup> See section D.1 in the supplementary material.

conflicts and HOA liberalization and find that the inclusion of these additional controls does not substantively alter our main results.<sup>93</sup>

In addition, we implement several checks to assess the robustness of our IV results.<sup>94</sup> To ensure that the IV results are not an artifact of our choice of the particular lag structure ( $t-5$ ), we reestimate our IV models with several different lag choices for the instrument and alternative estimation methods, and find consistent results (see Table D.6 in the supplementary material). We also construct two additional IVs that exploit the spatial diffusion of economic and political activities across cities.<sup>95</sup> The first extends the original IV by using the average land revenue dependency (under the previous leader [at least five years ago]) from neighboring cities in the same province, and the second uses the average level of urban, nonhomeowners' complaints from neighboring cities.<sup>96</sup> Results from using these alternative instruments again suggest a strong and positive relationship between homeowners' complaints and pro-HOA policy changes, corroborating our findings with the original instrument (see Table D.9 in the supplementary material).

#### EVIDENCE ON THE MECHANISM

Our main results show that the intensity of disputes between homeowners and property developers or management companies is positively associated with the likelihood of local authorities issuing policies that encourage the establishment of HOAs. Our preferred explanation for this relationship is that the empowerment of HOAs helps to free local governments from making difficult distributional decisions that may offend either homeowners or real estate interests. Of course, other possible interpretations of our findings exist. In this section, we consider alternative explanations and provide additional evidence for our preferred story.

First, one may raise the question of whether local governments' pro-HOA policies are merely window dressing<sup>97</sup> or, worse, veiled attempts to

<sup>93</sup> See section D.2 in the supplementary material.

<sup>94</sup> See section D.3 in the supplementary material.

<sup>95</sup> For similar instruments based on spatial diffusion, see Acemoglu et al. 2019 and Stasavage 2005.

<sup>96</sup> Urban, nonhomeowners' complaints encompass issues such as urban traffic, public safety, wage and labor disputes, and environmental pollution in the urban area. We choose to focus on nonhomeowners' complaints because they are more likely to satisfy the exclusion restriction. The key identifying assumption here is that conditional on the covariates (e.g., GDP per capita, neighboring cities' policies, provincial policy, etc.), the average intensity of urban, nonhomeowners' complaints from neighboring cities should not be directly related to a city's HOA policy in a causal way but may influence the city's homeowners' complaints (by either affecting the general popularity of online petition platforms or the overall intensity of urban grievances).

<sup>97</sup> For an in-depth discussion of the performative aspect of local governance in China, see I. Ding 2022.

impose greater control over homeowners' activities. One way to test for these concerns is to examine whether and how the local policies mattered when resolving actual disputes. To do so, we collected all the civil cases that involved homeowner committees as either the defendant or the plaintiff (~ 5,500) from a large Chinese lawsuit search engine (Wusong), and all the administrative law cases involving homeowner committees (~ 1,700) from China Judgments Online, the official website for publishing court rulings.<sup>98</sup> If HOA policies were useless or simply about political control, we might expect those policies to have little relevance in lawsuits or that HOAs would be unable to win cases in court. On the contrary, we find that about 20 percent of the civil cases and more than one-third of the administrative cases in our sample cite local property management regulations in their rulings. Moreover, 60 percent of the civil cases and 27 percent of the administrative litigation cases were ruled in favor of HOAs. As a point of comparison, the average win rate of plaintiffs in administrative litigation cases is about 9 percent.<sup>99</sup> These patterns suggest that HOAs are not merely instruments for political control and that policies to promote HOAs play a meaningful role in shaping the disputes between homeowners and real estate development or property management companies.

Having shown that window dressing and political control are insufficient to explain local authorities' promotion of HOAs, we next provide evidence for our preferred mechanism, which concerns the incentives of local governments to find solutions to intrasocietal disputes that do not directly implicate them. We present two pieces of evidence on this mechanism. First, we estimated our main regressions using a fine-grained classification of homeowners' petitions that distinguishes among several different targets of complaints. Specifically, we distinguish among complaints that target (1) only business interests, (2) only the government, (3) business interests and the government, and (4) other homeowners. Complaints that target business interests often raise issues such as late delivery of apartment units, substandard construction quality, and poor services.<sup>100</sup> Complaints that target the government are typically about problems of corruption, dereliction, or malfeasance by local officials. Of the entire sample of homeowners' complaints, about 45 percent mention business interests and the government, 43.5 percent

<sup>98</sup> The Chinese lawsuit search engine is at [itslaw.com](http://itslaw.com); for China Judgements Online, see [wenshu.court.gov.cn](http://wenshu.court.gov.cn).

<sup>99</sup> See "The Supreme People's Court's Report on Case Ruling" (in Chinese), at [bit.ly/3lsqriL](http://bit.ly/3lsqriL), accessed June 10, 2022.

<sup>100</sup> For a detailed coding scheme, see appendix B.2 of the supplementary material.

target only business interests, 4.8 percent target government only, and the remaining 6.7 percent target other homeowners. If the main goal behind promoting HOAs is to address intrasocietal disputes, we should expect pro-HOA policies to most closely follow complaints that do not directly challenge the government (that is, types 1 and 4).

Table 3 presents the results using this granular petition classification as the explanatory variable. We see that consistent with this conjecture, the volume of complaints targeting business interests has a positive and statistically significant association with the likelihood of the government issuing pro-HOA policies. Complaints against other homeowners are also positively associated with the likelihood of reform, although this association is less precisely estimated. By contrast, complaints about government wrongdoing tend to have much smaller and sometimes even negative coefficients. These patterns seem to suggest that, interestingly, it is the variation in the intensity of within-society conflicts, rather than the intensity of criticism against the government per se, that influences a city government's policy stance toward HOAs.

As a second piece of evidence, we also examine the effect of pro-HOA policies on the intensity of homeowners' complaints in subsequent years. If such policies were indeed motivated by the goal of channeling intrasocietal disputes, we would expect the number of petitions from homeowners to go down after HOAs were allowed to form and operate legally. To test this conjecture, we regress the level of homeowners' complaints on a binary indicator for whether an active city-level PMR has been put in place, controlling for city and year fixed effects and several socioeconomic covariates. As we show in Table 4, the presence of a pro-HOA policy is associated with a 1.3 to 1.6 percentage point decrease in the share of homeowners' complaints, which is equivalent to about a 20 percent reduction from the dependent variable's mean. This sizable decline in petition intensity is in line with our argument that the primary motivation behind promulgating pro-HOA policies is to address intrasocietal conflicts over property-related issues. It also further confirms that these pro-HOA policies were not merely empty rhetoric but did have real impact on homeowners' ability to resolve their disputes with property developers and managers.

## CONCLUSION

Can genuinely autonomous civil society organizations arise under one-party rule? In this article, we argue that a one-party regime may not be

TABLE 3  
 DECOMPOSING HOMEOWNERS' PETITIONS BY TARGETS OF COMPLAINTS<sup>a</sup>

	<i>DV: Policy Promoting Homeowner Associations</i>			
	(1) <i>Cox</i>	(2) <i>Cox</i>	(3) <i>IV Cox</i>	(4) <i>IV Cox</i>
% Complaints against business only	9.87** (4.02)	10.56** (4.29)	18.29*** (4.19)	19.61*** (6.23)
% Complaints against government only	0.32 (19.99)	-5.36 (20.42)	5.40 (27.67)	-3.04 (32.34)
% Complaints against business and government	-2.26 (5.31)	-2.96 (5.48)	-8.62 (6.85)	-8.34 (8.14)
% Complaints against other homeowners	21.41* (11.00)	22.69* (11.70)	20.95 (14.87)	22.68 (19.32)
Log GDP per capita	0.10 (0.23)	0.15 (0.24)	0.05 (0.22)	0.10 (0.27)
Log property price	1.33*** (0.43)	1.31*** (0.48)	1.36*** (0.52)	1.30* (0.70)
Log land-revenue ratio	-0.03 (0.19)	-0.07 (0.18)	0.01 (0.18)	0.01 (0.22)
Neighboring city regulations	0.13* (0.07)	0.13* (0.07)	0.12 (0.08)	0.12 (0.10)
Provincial regulation	-0.42 (0.30)	-0.39 (0.32)	-0.44 (0.33)	-0.37 (0.46)
Strata: administrative level	✓	✓	✓	✓
Leadership covariates		✓		✓
Observations	1882	1857	1790	1772

\*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$  (two-tailed test); standard errors clustered at city level are reported in parentheses.

<sup>a</sup> The table reports the coefficients from Cox proportional hazard regressions and IV Cox with hazards specific to the administrative level. City leadership covariates include the following variables for both the party secretary and the mayor: *age, connection, education, local time, gender, and tenure*.

intrinsically hostile to all types of citizen-run, voluntary associations. For associations whose primary goal is to defend their own members' interests in conflicts with other societal groups rather than directly challenge the state, authorities may tolerate and even actively support their development as a way to divert and manage distributional conflicts within society. Using China's homeowner associations as a case, we conduct a systematic investigation of the political and economic determinants of

TABLE 4  
EFFECT OF PRO-HOA POLICIES ON HOMEOWNERS' COMPLAINTS<sup>a</sup>

	<i>DV: % Homeowner Complaints at t + 1</i>	
	(1)	(2)
Pro-HOA policy (1 = yes)	-0.0133** (0.0062)	-0.0163** (0.0064)
Log GDP per capita		-0.0191 (0.0118)
Log property price		-0.0108 (0.0097)
Provincial policy		-0.0021 (0.0045)
City and year fixed effects	✓	✓
Adjusted R <sup>2</sup>	0.71	0.71
Number of cities	284	281
Observations	2266	2163

\*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$  (two-tailed test); standard errors clustered at city level are reported in parentheses.

<sup>a</sup> Estimation is based on linear regression models with city and year fixed effects.

their empowerment. Our analysis shows that local governments' attitudes toward HOAs are mainly shaped by the intensity of intrasocietal disputes: authorities are more likely to issue policies that encourage homeowners to self-organize when a large and rising number of homeowners' complaints occur against real estate developers or property management companies in their jurisdiction.

Although our empirical analysis focuses on one specific policy domain in contemporary China, the general theoretical argument can be extended to many other cases. Within China, the rise of self-governing business associations and NGOs follows a somewhat similar logic. In coastal cities in which the private manufacturing sector grew rapidly in the 1990s, local officials encouraged private entrepreneurs to form business associations so that they could compete more effectively in domestic and global markets.<sup>101</sup> The authorities also tolerated the operation of citizen-organized environmental NGOs as long as their activism primarily targeted corporate polluters and not government agencies.<sup>102</sup> Moreover, a recent study by Diana Fu reveals that some local governments tacitly permitted and even supported the activities of informal

<sup>101</sup> Sun 2002.

<sup>102</sup> Dai and Spires 2018; Stern 2011; Zhan and Tang 2013.

labor organizations as a way to mediate labor conflicts in the private sector.<sup>103</sup>

Outside China, similar mechanisms are at work in other political settings. In Russia, for example, municipal governments encouraged the establishment of self-governed HOAs because they help to resolve disputes among residents.<sup>104</sup> In Egypt, the Mubarak regime adopted competitive elections as a seemingly neutral and fair mechanism to determine the allocation of spoils and privileges among members of the regime's broad elite coalition.<sup>105</sup> Even in democracies, societal conflict has played a significant role in galvanizing the development of civil society. Some researchers argue that Alexis de Tocqueville might have misread the historical weakness of the American state<sup>106</sup> and propose that rather than state weakness, the rapid growth of social conflicts associated with state-building actually paved the way for the rise of large, national-scale civil organizations.<sup>107</sup> In post-World War II Italy, moreover, incumbent Christian Democrats supported csos with religious identities to gain an electoral advantage over the increasingly popular communists.<sup>108</sup> Together with our own case study, these examples underscore the importance of intrasocietal disputes in propelling political authorities to adopt liberal and pluralistic elements in governance.

Findings from our work contribute new evidence to a growing body of research on policy responsiveness in nonelectoral settings.<sup>109</sup> Prior studies argue that aside from electoral considerations, governments may respond to the demands of the masses if they want to prevent collective action or to collect information from citizens.<sup>110</sup> We extend this literature by showing that in some cases, responsiveness can also be construed as an indirect strategy for managing various social and economic groups in an increasingly plural society. By responding to the demands of certain citizen groups, a regime can subtly shape the balance of power between conflicting socioeconomic forces and buttress its own position as the neutral arbiter in intrasocietal disputes.

<sup>103</sup> Fu 2018.

<sup>104</sup> Vihavainen 2009, 23.

<sup>105</sup> Blaydes 2010. A common characteristic of the political contexts in these examples is that they are all relatively decentralized. HOAs emerged in Russia during a highly decentralized period in the post-Soviet era. In Egypt, President Hosni Mubarak also openly endorsed decentralization reforms. See Kulipossa 2004.

<sup>106</sup> Tarrow 2011, 56–8.

<sup>107</sup> Skocpol, Ganz, and Munson 2000; Skocpol et al. 1999.

<sup>108</sup> Tarrow 1977.

<sup>109</sup> Jiang, Meng, and Zhang 2019; Jiang and Zeng 2020; Meng, Pan, and Yang 2017; Miller 2015.

<sup>110</sup> On preventing collective action, see Chen, Pan, and Xu 2015. For collecting information from citizens, see Distelhorst and Hou 2017.

Our research has implications for thinking about the sources of regime resilience in China. A growing number of policy practitioners and journalists now take the view that the apparent durability of the Chinese system represents the success of an alternative, authoritarian mode of governance that rejects democratic values and institutions.<sup>111</sup> But as Andrew Nathan points out in an influential article, a key pillar of China's resilience actually lies in the creation of various "input institutions" that give citizens some room for participation and influence.<sup>112</sup> Similarly, Yuen Yuen Ang argues that although short of full-scale democratization, significant political reforms have taken place within the system since 1978, and they were often in the form of injecting democratic features, such as competition, accountability, and partial limits on power, into the bureaucracy.<sup>113</sup> In line with these observations, our case study shows that subtle but profound changes have taken place in China over the past two decades in how urban neighborhoods are governed, and these changes are not so much a result of top-down command but rather a result of initiatives taken by local administrators in response to societal pressure from below. These findings suggest a different interpretation of why the Chinese system is resilient: the regime's resilience may have less to do with measures that perpetuate autocratic domination and more to do with those that incorporate democratic elements into daily governance practices, especially at the local level.

More broadly, the tension between our findings and the perceived view of authoritarian hostility toward civil society suggests that valuable new insights can be gained from taking a disaggregated view when analyzing the politics of nondemocracies. The conventional approach to studying authoritarian politics treats the political regime as a monolithic entity acting with the sole motivation of political survival<sup>114</sup> but often overlooks significant variations in the incentives, preferences, and priorities of state actors at different levels of government. While national leadership may be preoccupied with monopolizing political power, local bureaucrats, overwhelmed by a welter of mundane governance issues, often simply want to reduce administrative burden and minimize social conflict in their jurisdiction. When urbanization and development bring about increasingly frequent and intense disputes among multiple

<sup>111</sup> For examples, see "Xi Jinping's Ideological Ambitions," *Wall Street Journal*, at [on.wsj.com/3Tu4UB](https://on.wsj.com/3Tu4UB), accessed September 1, 2022; "America v China: How Trade Wars Become Real Wars," *Financial Times*, at [on.ft.com/3Bd0E63](https://on.ft.com/3Bd0E63), accessed September 4, 2022; "Why the 'China Model' Isn't Going Away," *Atlantic*, at [bit.ly/3ReUWpL](https://bit.ly/3ReUWpL), accessed September 4, 2022.

<sup>112</sup> Nathan 2003.

<sup>113</sup> Ang 2018.

<sup>114</sup> E.g., Wintrobe 2000.

groups of citizens, local officials have strong incentives to concede by providing additional space for autonomous civic activism. Such concessions are an important reason that grassroots civil society can survive and even thrive in a strong one-party state.

#### SUPPLEMENTARY MATERIAL

Supplementary material for this article can be found at <http://muse.jhu.edu/resolve/194>.

#### DATA

Replication data for this article can be found at <https://doi.org/10.7910/DVN/BU DLZG>.

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### ACKNOWLEDGMENTS

Previous versions of this paper have been presented at the annual meetings of the American Political Science Association, the Association of Chinese Political Studies, as well as at Tsinghua University, Sun Yat-sen University, and Beijing Foreign Studies University. We thank the participants at those conferences and workshops for their valuable feedback. We appreciate the helpful comments from Meina Cai, Iza Ding, Jiwei Qian, Shitong Qiao, Qingjie Zeng, and others. We also thank three anonymous reviewers and the editors of *World Politics*. Tingting Chen, Jianan Du, Xiaoqi Sun, Hong Wang, Hanying Wei, Yifan Zhang, and Yujin Zhang provided excellent research assistance.

### FUNDING

This project was supported by the European Research Council (grant number 678266), National Natural Science Foundation of China (grant number 72204010), China Merchants Foundation, and China Population Welfare Foundation.

### KEY WORDS

China, civil society, homeowner association, intrasocietal conflict, one-party regime