The Choice of China’s Housing Policy with the Idea of Harmonious Development

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Abstract
In modern urban society, house has become rare resource. Under space of city limited, house resource in short situation, its distribution inevitably causes a variety of social conflict and inequitable problems. There are three housing problems closely linked with urbanization course, as the ubiquitous economic social concern of countries all over the world. First, the shortage of the quantity of the house. Second, the quality of the house does not fulfill requirements. Third, the polarization on the house distribution. China is in the experimental period of the housing system reform at present, and faces the severe social pressure. So it is vital to set up and perfect the housing policy after canceling welfare-oriented public housing distribution system. This will do great help for narrowing the urbanite housing stratification and realizing the harmonious development idea.

Keywords: Housing Problems, Housing Policy, The harmonious development

House, the most basic and essential resource of human survival and development, is one of the key indicators in building a harmonious society, which measures the quality of life in a country or a region. It is the comprehensive embodiment of the city management level and the assurance for the urbanites to live and work in a peaceful and content environment. Letting residents have some house property will help to improve their social responsibility and working enthusiasm and, enhance their steady sense and the ability to resist risk. Thus, housing policy is the key component of every country’s social policy and it has important practical significance for the social stability.

1. Literature Review on Housing Study

Housing problems had been deeply studied by Engels in his famous work --The Housing Question. He thought industrial revolution had brought the most serious housing difference in the history of mankind. Working class lived in the abominable, crowded and not sanitary houses, while capitalist class lived in the spacious, graceful and comfortable high buildings and mansions. Engels analyzed this phenomenon from ownership of the means of production and class interests and thought of the housing shortage questions of the capitalism as the inevitable outcome of the capitalist society.

It is undeniable that Engels’ research had era limitations. But it offered abundant materials for the development of urban sociology. Numerous succeeding scholars of Marxian School further investigated the city and housing problems of capitalism through analyzing the characteristics of the capitalist society. They had made constructive contribution. Capitalist housing problems were regarded as the uneven result of political and economic power distribution. Just as what Harvey David thought(Harvey, 1979, cited in Gu, 2002), capitalists needed to expand their market constantly by constructing a large amount of houses, but the persons who benefited finally were not general urban residents, but the wealthy and powerful capitalists.

Castells had put forward the concept of urban consumption conflicts in 1970’s (Castells, 1977, cited in Gu, 2002). He deemed some collective consuming services (for example: houses) offered by the government in the city could resolve some social problems, but also had become the context that urbanites struggled to improve. Perhaps many social concerns were thought as the objective or inevitable reality before the government’s intervention, but since it began to provide the corresponding services, citizens asserted that it was the government’s responsibility to provide them. In addition, citizens were likely to form the interests group or
political power during the course of using collective services. They would exert pressure to the government to ask for more interests. So many contradictory phenomena often appear in the city. The more plentiful the services offered by the government are, the more fierce conflicts are. Government always becomes the main target that different interest groups criticize for (Gu, 2002). There are certain reference meanings explored from the theory in analyzing the housing system reform in the present stage of China. When the urban government attempts to change residents’ collective consumption patterns into individual ones, that is to say, the responsibilities to deal with the housing problems once belonging to the government and enterprises are transferred to citizens themselves, various kinds of interest conflicts and social discontented mood will inevitably appear. These cause different social attitudes towards government’s housing policy.

Sociological analysis of the role of the housing market in social inequality began with Rex and Moore’s (1967) pioneering work in the UK. Their classification was based upon a local case study in the Sparkbrook area of Birmingham, and it was more or less time-specific to the mid-1960s and applicable to large-sized cities. In their classic immigrant study, Rex and Moore highlighted the scarcity of key urban resources, such as decent houses, and the inevitable competition for such resources. They claimed that ‘class struggle is the central process of the city as a social unit’, and went on to distinguish different housing classes, primarily based on forms of tenure. Housing tenure emerged as one aspect of a housing hierarchy that urban dwellers were competing for, with home ownership at the top and lodging houses at the bottom. If the immigrants showed that they belonged to various housing classes, this certainly would indicate significant things about class belongings and class ambition. By relating housing to an individual’s life chances, Rex and Moore linked urban sociology with the mainstream sociological concerns of sources of inequality and class conflict. Rex and Moore’s work launched the serious housing classes’ debate, which many commentators would say is still unresolved until today. The debate focuses on the extent of inequality between individuals at a point in time (referred to above as the vertical distribution).

Saunders (1978, 1984, cited in Gu, 2002), the scholar of the Weberian school, maintained that the housing market generated inequalities and social groups that cross-cut those of the labor market. Social stratification in modern society was not simply divided into capitalist class and proletariat just liking what Marxist said, but was judged according to the individual’s market situation and housing condition and so on. The persons who had different house property were divided into various housing classes. The significance of housing was more and more important in our society. Comparison with the occupation, it was more accurate in explaining the social stratification situation. From Saunders’s theory, we can conclude that housing class can make greater help in estimating a person’s political inclination than social class does. Take parliament election of Britain as an example, housing class is inclined to influence people’s voting. People who rent public house incline to vote for the Labor Party, while homeowners tend to vote for the Conservative Party.

2. Urbanization and Housing Problems

It is not a new phenomenon recently that urban housing problems become the focus of the society. Urbanization had already brought innumerable urban housing problems to the countries all over the world since the Industrial Revolution of the 18th century. With the great changes of mode of production from relying mainly on agriculture and handicraft industry to largely utilizing the machines to produce for the great industry, human beings realized the historical transcendence, transferring from the traditional agricultural society to advanced industrial society. And this also brought the fundamental changes of inhabitation patterns. Cities and towns with large-scale production gradually appeared, gathering various kinds of cooperation and bringing great facility for the human living and production, but at the meanwhile, a variety of housing problems that even could not be imaged in the rural districts were produced. They were serious socio-economic problems with the development of industrialization and urbanization. The settlement will be got in different degrees in different countries according to their corresponding socio-economic systems, management mechanism and so on (Zhang, 2003).

There are three housing problems closely linked with urbanization course, as the ubiquitous economic social concern of countries all over the world. First, the shortage of the quantity of the houses. The unevenness between supply and demand of the stock of the houses cannot meet what the residents need. Second, the quality of the house does not fulfill requirements. That is to say, the houses do not accord with residents’ requisition for modern life. House-building is of low quality. Third, the polarization on the house distribution. On one hand, a few people not only live in the top-grade villa but also occupy and leave the houses unused in a large amount. On the other hand, a large number of residents live in the narrow and small houses with low quality. Some homeless people even have no single room. Just because of this, the housing problems have already drawn common concern of international community.

International organization of modern architects founded in June 1928 at the chateau of La Sarraz, Switzerland. It
was instigated by Hélène de Mandrot (who had offered her chateau as a venue for a meeting of architects interested in discussing developments in modern architecture), Le Corbusier and Sigfried Giedion. The creation of CIAM established the Modern Movement in architecture as an organized body, with a manifesto, statutes, a committee and an address in Zurich. It deeply discussed the so-called ‘low-cost housing’ question in the late 1920’s, when the international conference was held in Frankfort, and put forward a lot of designs of small area houses that reflected the function and hygienic requirements of house construction as much as possible in design. Afterwards, all kinds of international organizations correlating with housing problems were established and international conferences were held. In 1981, the international seminar of Urban Housing Problems was held in London and the Declaration of Human Right to Housing was passed. It pointed out emphatically that it was the human right for all the residents to live in the suitable houses in a perfect environment. The declaration criticized some governments’ unreasonable policies in housing distribution and sincerely expected the governments to realize their true responsibilities –providing high-quality houses in conformity with the human dignity. In 1990, the Housing and Environmental Building-up Committee of the International Sociological Association held the international seminar of the 4th Urban Housing Question in Paris. There were nearly 700 representatives attending the meeting, who came from 56 countries including China. They had discussed ‘the division and polarization of the housing questions in the big city’, ‘house-building in urban area’, ‘living environment’, ‘housing and public policy’, ‘the mobility of the residence and city change’ and related topics. All in all, ‘providing high-quality houses in conformity with the human dignity’ has become the important aspect of social development when entering the second half of the 20th century. And governments and scholars from all over the world try their best to explore the effective measures and policies to solve this common and global subject. (Zhang, 2003)

China is in the experimental period of the housing system reform at present, and is facing the severe social pressure. Under space of city limited, house resource in short situation, its distribution inevitably causes a variety of social conflict and inequitable problems. Just as marketization cannot bring the social fair automatically, the market-based course of the houses also follows the gradual deepening of social stratification. Housing difference of the urbanite has an enlarging tendency because of the interaction of different distribution mechanisms in China. So it is vital to set up and perfect the effective housing policy after canceling the welfare-oriented public housing distribution system. This will do great help for narrowing the urbanite housing stratification and realizing the harmonious development idea.

3. China’s Housing Policy Reform and the Harmonious Development in the Society

Houses, the special resource in the modern society, are provided to the residents by the governments using all kinds of welfare means in various degrees. In the housing system practice, what kind of regime is implemented relates to not only economic developmental level, but also political policy and historical and geographical conditions in different countries. Even in a country, housing policies are various in different historical periods and socio-economic development. Now China is carrying on a series of experimental reforms of housing system under the market economy, having designed the welfare regimes to the residents of different levels. Its original expectation is to realize the fair and efficiency of the society, reach the effective housing supply and reflect the superiority of the socialist system. However, each kind of housing reforms contains its self-closeness. It fails to realize the principle to open to all the people fairly. And in the course of actual execution, rent-seeking of the power remains incessant after repeated prohibition. However, the housing conditions of Chinese urbanites have greatly changed in total amount of the houses and building quality in recent years, the enormous promotion in commodity housing supply cannot automatically satisfy the vulnerable groups whose housing welfare further are damaged, but help the elite class who are in the advantage status in the market mechanism. In the course of housing allocation, the factors which influence the urbanite’s housing conditions include not only the difference of resident's monetary solvency belonging to the market-oriented economy, but also the permitting mechanisms of purchasing house coming from re-distributive economy. To some extent, the unit and the profession have formed potential and institutional factors to determine the essence of urbanite’s housing conditions. All these factors cause that chances and abilities of obtaining house resource are different in different levels’ urbanites. Disposal way of house resource has become the vital factor influencing social stratification of the urbanites.

So, in order to protect social vulnerable groups’ housing rights conscientiously, prevent the rich-poor polarization, and realize the healthy development in the real estate market, the government should actively seek settlement mechanism to coordinate monetary factor and institutional factors so that rational housing distribution is achieved and equal obtaining chance of social vulnerable groups is protected. These will promote social harmonious development and realize the balanced developing goals.
3.1 Housing Prospect in a harmonious society

To build a harmonious society, step up the modernization drive and make China a stronger and more prosperous country, thus contributing still more to the cause of human progress -- this is a historical mission China must take on with courage. It is also the objectives that are of comprehensive economic, political and cultural development of socialism with Chinese characteristics and tallies with the national conditions, the realities of the modernization drive and people’s aspirations. It is of great significance. From the historical point of view, the proposition of ‘a harmonious society’ is the progressive sign of developmental idea during social modernization, which grows from the taken-off stage to ripe stage. Overall development changes the traditional developmental mode that only thinks of the economic growth as the center and leads to the crisis between the human beings and the nature. The tense relationship between the person and the society also tends to ease up. It has revised the deviation of developmental orbit in time and guarantees the society to develop fast, healthily and sustainably.

The key characteristics of the future society are human oriented, balanced development and sustainability. Housing condition in the urban areas is the exact example to reflect the progress of the economic development and social civilization of a country or a region. And it has already become one of the most important indicators in the index system of a harmonious society. With the improvement of quality of life, people put forward high requests for the house quality and habitable space. So some scholars sum that the living space will increase and then so does the living quality, according to the experience of developed countries. Based on various kinds of suggestions, Chinese national Ministry of Construction announces that the houses in the recent future possess the following characteristics:

- The area of dwelling size is slightly large with rational disposition. There are spacious areas in living rooms, kitchen, bathroom and storeroom.
- The reasonable design in plane layout reflects the principle to separate the living and eating and leaves the leeway to transform and fit up.
- There are sufficient day lighting, perfect ventilation, excellent sound insulation effect, and high lighting level which all improve 1 or 2 grades on the existing domestic basic standards.
- Complete sets of cooking apparatus are rationally disposed, which will greatly improve the conditions to discharge the soot and make the refrigerator enter the kitchen.
- Cut apart the hygiene space rationally, and reduce the mutual interference among the bath, defecation and makeup.
- Pipelines are centralized. The gauges of the water, electricity and coal gas are put out of the houses. Increase the security measures and dispose the special circuits of the telephone, closed-circuit TV and air conditioner.
- Set up the specific spot that is convenient to change the clothes and shoes. Widen the balcony to provide the outdoor recreating facility. Design the transitional space rationally.
- The comfortable community environment is efficient enough to safe the public security and administrate the noises. There are rational traffic lines and service facilities in the community.
- Garbage is disposed in bags. And the bicycles are put in the storage nearby. Reserve the parking lots for the automobiles.
- There are plenty of trees and beautiful scenery in the community. The characteristics of energy-conservation and land-conservation are favorable to ecological protection.

All these characteristics mentioned above have described the blueprint of the houses in the future harmonious society in detail. But what we still should pay attention to is to strengthen the housing security while promoting the whole quality of house so that perfecting China’s housing policy represented by the economically affordable housing system and narrowing housing stratification in the urban areas.

3.2 Housing Security with Harmonious Development

According to the current housing stratification in the city, high efficient housing supply system should be set up to suit different families with different income. ‘Vertical security’ (proving different kinds of securities that direct against the income difference) and ‘level security’ (offering basic kinds of securities based on specific standards) form rational and scientific supply systems which not simply emphasize the formal equality, but control the housing diversity within the range of social bearing.

3.2.1 Consolidation and Improvement of Economically Affordable House Policy
In many countries, one of the objectives of housing policy is to encourage private homeownership. This policy is based on the assumption that owning one’s own house has a positive effect on the individual and on society as a whole. Homeownership, it is thought, will lead to greater housing satisfaction, greater self-esteem and better opportunity. (Marja Elsinga and Joris Hoekstra, 2004) It also represents advantages in the wider social perspective. The privately owned house can reduce the pressure on government funding too.

In China, for decades, urban area was considered as an affordable place to live, with housing available for people on all parts of the economic spectrum. Government plays an expansive role in housing allocation and helps solve all the housing problems. When the late Chairman Mao Zedong proclaimed the founding of the People's Republic of China 56 years ago, the Soviet-style planned economy was the only ready blueprint for the country to follow in striving for national reconstruction. In Chinese cities, housing became a fringe benefit for staff members of government institutions and industrial workers, which amounted to a social welfare program as virtually all industrial enterprises in China were owned by the State. It was distributed according to official rank or job seniority. Rents were nominal, barely enough to cover the expenses of housing repairs. But the situation has changed tremendously in the past few years. With explosive population growth and economic development, governments had no sufficient funding to continue the welfare-oriented public housing distribution system. In 1997, it decided to stop the distribution owned by ‘work units’ or local governments. At present, it is entering a dramatic turning point: the dismantling of the government role in housing. People have to buy homes on the open market instead of waiting for their employers to provide them with accommodations. Government gradually plays an active role in policy-making.

Economically affordable house policy is just one of the most significant policies aiming at helping the low-income urban families purchase housing for themselves. It hopes to realize the goals of enlarging the housing supply, regulating the real estate investment structure and invoking the effective demand in the housing market by implementing some policies, such as preferential measures in land allocation and taxation. As a specific policy choice, it would have positively improved residential level and housing quality of low-income groups. But tougher eligibility criteria for the purchasing of affordable housing did not be introduced to ease the increasing pressure on low-income earners who want to buy their own homes, since the policy was implemented in 1998. In some cities, the low-end houses even did not go to those needy urban residents. On the country, they were purchased by the middle and even high-income earners. There are strict eligibility criteria in other countries. For example, in USA, the generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. The lack of affordable housing is a significant hardship for low-income households preventing them from meeting their other basic needs, such as nutrition and healthcare, or saving for their future and that of their families (U.S. Department of Housing and Urban Development, 2005). China should absorb the experiences of other countries to put stricter requirements for those people who want to buy low-end housing which has been built specifically for low-income earners. This will be expected to fend off the criticism, solve the housing problems in rational way and make the governments focus on efforts to maintain the property market’s healthy growth, and finally improve the services for the real estate market.

3.2.2 Supplement of Related Financial Policy

Modern economy is the monetary economy, so the growth of housing construction and consumption can not do without the support of the finance. Housing finance will accelerate the course of housing construction, regulate citizen’s consumption structure and promote housing commercialization by increasing the credit fund input and enhancing the real demand of housing market. Its development will also promote the benign cycle of fund in the real estate market and finally increase the prosperity of the whole financial market.

Now, the most emergent thing is to maintain the regulations for housing accumulation funds which are regarded as the basic housing finance policy. Housing accumulation funds are long-term housing reserve funds that are funded on behalf of employees by their respective employers. Employees own their respective share of the housing accumulation funds. A Fund Management Committee was established to manage the fund. One third of the committee members should be from local government, another third from local unions and employees, and the final third from employers. (People’s Daily, 2002) The system of publicly accumulated housing funds characterized by obligation, mutual help and housing security is a policy-based financing channel by which the Chinese government tries to solve the housing problem of employees. It enables the government, employers and individuals to share the capital investment in housing construction. The funds are deposited in devoted accounts and are used exclusively for employees to purchase, build and renovate their houses, and can be loaned to the employees for these purposes. The first housing accumulation fund system in China was established in 1991,
using Singapore’s system as a reference. Not until April 1999 did the ‘Regulations on Housing Accumulation Fund Management’ come out, in which the government gave detailed operational rules. And then, they were reissued in 2002, to ensure that the functions in an institutionalized and standardized way.

In addition, the mortgage loan system can be combined with housing accumulation fund system to encourage the development of the materialized housing allocation. In order to promote personal housing consumption, personal housing loans granted by ICBC, Agricultural Bank, BOC, Construction Bank had reached 74.6 billion Yuan. And the national balance of personal housing loan was seen at 126 billion Yuan. (People's Daily Online, 2000) Bank is the key core in housing finance. Taken ICBC as the example, as the biggest mortgage bank in China now, since its fully stepping into the financial market in 1991, ICBC has always devoted to the construction and consumption of urban housing, provide a complete personal housing financial product system consisting of personal housing purchase (mortgage) loan, personal housing accumulation fund loan, personal commercial housing loan, household loan, personal housing decoration loan, re-mortgage loan, additional mortgage loan, and second-hand housing loan for mass clients and so on.(ICBC,2005) In the long run, a complete and comprehensive housing finance system will be established, which will rely mainly on personal mortgage loan and housing accumulation funds.

3.2.3 Housing Security of Vulnerable Groups

Perfect urban housing policy system thinks of marketization and socialization as equal importance. Practice has proved that market mechanism can improve the development of housing industry and solve housing problems of most people, but it is not omnipotent especially in settling vulnerable groups’ housing difficulty. In general, vulnerable groups can be identified in relation to access to decent housing. They belong to the economic risk groups in the society, such as single parent families, families with many children, pensioner families, low-income families, households with a disabled family head, non-worker’s families and etc. These groups face different problems regarding access to housing. The most important problems relate to too expensive housing costs, lack of housing convenience and lack of space. Because they have no abundant resources to enter the housing market, since 1998, the Chinese government has made actions to promote the low-rent housing system and to continuously improve housing security policies. The low-rent system had become an essential part of China’s social security systems, together with medical insurance, pensions insurance and the minimum income subsidy and plays an important role in helping maintain social stability.

Vulnerable groups’ families can apply to local government for low-rent housing. They will have the opportunity to receive subsidized housing units which are up to 60 percent the size of the local average. For instance, in Shanghai, 4,820 families occupying living space of fewer than six square metres per person on average applied for low-rent housing from October 2001 to June 2003. Of these, 4,312 had their applications approved and, as a result, their room to maneuver increased to 16 square metres per person. (China Daily, 2003) In the whole country, under the guidance of uniform state policies, the local governments have set up their own low-rent housing systems for urban minimum-income households in accordance with the level of local economic and social development. The low-rent housing system, supported mainly by the government's financial budget while the low-rent funds are pooled from other channels, is practiced in many ways - with housing rent subsidy as the major form, supplemented by the supply of basic furniture and rent deduction. For households whose incomes and housing space are below the standards set by the local government, the latter should ensure that their basic housing needs are met by application, registration and waiting one's turn.

References


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