



Delft University of Technology

## Young People's Housing Opportunity in Post-reform China

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Architecture  
and the  
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#22  
2018



# Young People's Housing Opportunity in Post-reform China

Wenjing Deng



# Young People's Housing Opportunity in Post-reform China

Wenjing Deng

*Delft University of Technology, Faculty of Architecture and the Built Environment,  
OTB - Research for the Built Environment*



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# Young People's Housing Opportunity in Post-reform China

Dissertation

for the purpose of obtaining the degree of doctor  
at Delft University of Technology  
by the authority of the Rector Magnificus prof.dr.ir. T.H.J.J. van der Hagen  
chair of the Board for Doctorates  
to be defended publicly on  
Friday, September 14<sup>th</sup>, 2018 at 15:00 o'clock

by

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born in Chongqing, China

This dissertation has been approved by the promotor.

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To Ms CHEN Chaoxiu and Mr. DENG Liangqing  
and their generation of Chinese people



# Preface

After graduating from college with a degree in landscape architecture, I went back to my hometown of Chongqing, where I started working at a planning and design company. It was 2006. Chongqing, like the whole country, was caught up in a real estate boom. Everybody was talking about rising housing prices. People feared losing this investment opportunity and felt they would never again be able to afford a home. The investment fever was at a particularly high pitch in a company like ours, where we were dealing with other people's ambitions. Even my fellow academics, a bunch of young graduates and graduates-to-be, were talking about plans for buying homes. Two years later, two of my best friends, my roommates in high school who shared my background -- ordinary-income households employed by public enterprises -- became home owners by relying heavily on help from their parents. I was convinced by my peers that to buy a home would be the right thing for me to do and that I should make a similar proposition to my parents. But my request was rejected with derision. Initially, I thought the reason was that my family could not afford it. This assumption was soon falsified when my parents bought a home close to my father's work.

This experience baffled me for a long time. Therefore, when I got the chance to pursue a PhD degree in TU Delft, I quickly turned my attention to the housing struggles of me and my peers. Through this lens, I learned to understand my life and times, as well as the lives and times of many others of my generation. I also learned how the times, the worries and hopes shaped the lives of my my parents and their generation.

I would like to express my sincere gratitude to all the people and institutions and for all the encounters that allowed me to produce this thesis.

First and foremost, I want to acknowledge the encouragement of my husband, Mr. WEI Yizhi, without whom all of these things would never have happened. It was he who convinced me that I should do what I can do. Although it later occurred to me that he might not be as confident as he sounded, at that moment I chose to believe him anyhow. This blind trust has brought me good luck ever since. I only hope I can do the same thing for him in the future.

Secondly, I want to express my gratitude to my country. Without the assistance of the Chinese Scholarship Committee, I would not have had the chance to study in the Netherlands and to pursue a PhD degree (they only asked for two years' service in return, and that is fair). Thanks to a prosperous state and all the sacrifices of our ancestors (particularly my parents and their generation who worked so hard and gain so

less), people like me are in a position to make the starting points for future generations even better.

The third and most direct influence on my academic career came from my kind supervisors, my promoter Prof. Marja G. Elsinga and my daily supervisor Dr. Joris S. C. M. Hoekstra. Working with them, I had my first taste of the joy and happiness that research and scholarly thinking can bring. I am grateful for the freedom and support they have offered me.

I appreciate the free, open, and relaxed landscape and cultural atmosphere in the Netherlands in general and at OTB in particular. Special thanks go to Dr. Sylvia J.T. Jansen for her support in statistical analysis, to Nancy van Weesep for her work on the language correction of my texts, to Véro Crickx for her help in the final layout and design of the thesis, to Kees Dol for his persistent lunch invitations, and to many others: Harry van der Heijden, Peter Boelhouwer, Harry Boumeester, Marietta Haffner, Gust Marien, Leeke Reinders, Qi Tu, Juan Yan, Yunlong Gong, KyungHo Choe, Rosa Elena Donoso Gomez, Taozhi Zhuang, Alfred Teye, Job Taiwo Gbadegesin, Gavin Wood, Zhiyong Wang, Liu Liu, Darinka Czischke Ljubetic, Gerard van Bortel, Yawei Chen, Liang Xiong, Igor Moreno da Cruz Pessoa, Luz Maria Vergara d'Alençon, Vitnarae Kang, Willem Korthals Altes, Maarten van Ham, and Xin Li.

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Looking back, I am thankful to Prof. TIAN Li, my advisor in the master's program at Tongji University, Shanghai, for showing me what it is like to be a scholarly woman and for giving me pointers on how to become one. She also pointed me in the direction of TU Delft.

One more institution should be mentioned here, Beijing Forest University, where I received my bachelor's education and took many inspiring courses that I have never had a chance to apply. It was there that my eyes were opened and I met people who had the kind of life that I wanted to live.

Looking ahead, I am thankful to my son, the little man Shuhao, for continually reminding me of what it means to be human. And I am glad that we are going to take this interesting journey together.



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# Summary

The inquiry that has culminated in this thesis was inspired by the challenges that many young Chinese people were facing when trying to gain access to affordable housing at the time of study, the early 2010s. By then, more than thirty years of housing reforms had completely changed how housing was being provided in China. The resulting structure had led young people to access housing in ways that were very different from those of their parents' generation (Deng, Hoekstra & Elsinga, 2017). These observations prompted the following research question: What are the key factors defining young people's opportunity to access housing, and how do these factors relate to China's institutional changes during and after the market reform? The ensuing research has demonstrated that parental resources and intergenerational reciprocity are indispensable to the housing opportunity of young people, as home ownership has come to mediate the exchange of resources between generations.

The marketization of the housing system, which dates back to 1978 and was ongoing at the time of study, was one of many institutional changes. In the housing domain, it entailed a drastic shift in tenure. The socialist system, which had been dominated by public renting (72% in 1978), was replaced by a system in which home ownership predominated (75% in 2011). That tenure shift could only be accomplished through reforms in other domains. Reforms in the fields of finance, land use, urban planning, and even in the Constitution created a 'free market' for developing and purchasing owner-occupied housing. In this study I have discerned four periods in China's housing policy. These align with the main housing tenure(s) being provided: the welfare period (*danwei* public rental housing, 1949-1978); the dual period (subsidized and commercial home ownership, 1978-1998); the market period (commercial home ownership, 1999-2011); and the comprehensive period (commercial home ownership and public rental housing, after 2011). Each tenure has its own allocation procedures and particular criteria for deciding which applicants are most eligible and deserving. Thus, there were different mechanisms in each period for deciding which segment of the population would get better housing than the rest. Meanwhile, the structure of housing opportunity kept changing in the course of the reform. During the welfare period, people who were employed by powerful workunits and were loyal to the regime had better opportunities, since dwellings were allocated through a bureaucratic process that did not take the occupant's income into account. During the market period, over 90% of the new housing provision was commercial home ownership. Therefore, I had expected the housing opportunities available to young Chinese people to show some attributes of a market economy: the higher one's income, the better one's housing.

After the policy and literature review as the first step of my research, I introduced the market transition theory in the second step (Nee, 1989). I wanted to know whether housing opportunity in post-reform China actually did show the attributes of a market economy, measured by the significance of education, employment status, and income variables as predictors of home ownership (Deng, Hoekstra & Elsinga, 2016). This hypothesis was tested on data from the Chinese General Social Survey 2010 with a logistic regression model. Some of the explanatory variables referred to the position of young people and their parents in the socialist redistributive system (such as membership of the Chinese Communist Party, workunits, and *hukou*), while others were indicative of the young people's economic capacity (education, employment status, and income). According to the statistical modeling exercise, young people's economic capacity was an insignificant variable for predicting their opportunity to access home ownership. Instead, the exercise demonstrated the relevance of two redistributive variables: Communist Party membership of their parents; and locality (local or non-local) of the *hukou* (which was automatically inherited from one's mother but could be changed). People often needed a local urban *hukou* to enjoy the welfare amenities provided by municipal governments. The farther away one's *hukou* was registered (and thus the longer the distance migrated), the less likely one was to become a home owner.

Given the crucial parental role that came to light in the second step, I then investigated how parents influenced young people's housing opportunity and why. For that third step I turned to the two theories of 'trade-offs' (Kemeny, 2001; Kemeny, 2005) in the organization of societal institutions (the one between home ownership and the welfare state, the other between the welfare state and intergenerational exchange). The goal was to explore how housing, welfare, family, and gender interact in a particular context, namely post-reform China. By interviewing young adults and senior parents in Chongqing, I sought to understand the experience, perception, and rationale of intergenerational transfer for home ownership. The empirical evidence suggested that when the provision of public welfare was limited, senior parents were motivated to help arrange adult children's home ownership in exchange for support, specifically for care in old age. This interpretation was substantiated by the divergent patterns of perception and behavior regarding intergenerational transfer for home ownership that were found between parents with either an urban or a rural background. Consistent with China's dual welfare system, senior parents who lived in the countryside or had a background of rural-urban migration were found to have less pension and fewer other benefits than urbanites. As a result, the non-urban parents tended to view intergenerational transfer for children's home ownership as either their 'responsibility' or a strategy to secure support in old age. In contrast, urban parents tended to view it as an act of parental love; consequently, the return they expected was merely emotional. The young recipients tended to acknowledge the implications of reciprocity, so they

took upon themselves the obligation to return the favor. The feeling of indebtedness and the commitment to reciprocate were stronger among those who had received help from their rural parents, whose transfer often involved all of their wealth. When rural seniors with no pension transferred all their savings to a child, they would subsequently move into the child's household; the latter assumed the limitless obligation to support them. Conversely, when urban parents transferred all their savings to a child, the latter did not assume that limitless obligation, since the parents would have a pension income in the future.

As intergenerational transfer was seen to play an important role in young people's housing opportunity and in elderly people's care strategy, a closely related variable came into view: gender. Before the socialist system of welfare and housing was developed, the provision and inheritance of residential property was linked to customs regarding elderly care and ancestor worship, so property transfers were likewise carried out patrilineally. Accordingly, the parents of the bridegroom were presumed to accept the responsibility to provide housing for the newlyweds, transferring the property rights *inter vivos* or as a bequest. Furthermore, the bride was presumed to become a member of the bridegroom's family and thus to care for his parents until death. These patrilineal patterns were somewhat counterbalanced by the socialist regime, as the state predominated in allocating housing resources. But when the private owner-occupation housing market was established after the reform, an old custom was resurrected: parents stepping up to help young people acquire housing. But this custom affected young men differently than young women. In multi-child families, parents made the preparations and eventually transferred their assets to their sons prior to or at the moment of marriage but provided no help, or at best offered interest-free loans, to daughters upon request. In single-child families, parents would not prepare an asset transfer for their daughters. They expected their daughter's future husband and his family to provide for her, unless their daughter's future marriage partner choice proved incapable of doing so and the daughter requested some help. In a sense, women were in a privileged position: they were able to access housing services through marriage. By the same token, however, they were disadvantaged: women did not have equal opportunity to hold housing property rights and to thereby accumulate housing assets. The position of the women I interviewed for my research was quite diverse. Some, like an urban single child with good earning power and an intergenerational transfer, had attained independent home ownership. Some women owned their home together with their husbands. And some, like those with a rural immigrant background, were living in a rental dwelling or in a home owned by the husband.

The empirical evidence supports the hypothesis I formulated when starting my research: that home ownership, the welfare state, and family and gender relationships are interconnected. I used the concept of social coordination to capture the

interaction of the housing, welfare, family, and gender systems. According to the social coordination framework, when the housing system of a society is dominated by home ownership, this society might have the features of a limited welfare state, could engage in extensive intergenerational transfer, and could show a clear gender division. This framework has contributed to the theorization of intergenerational transfer for home ownership. In that light, homeownership-based welfare (Doling & Ronald, 2010; Ronald & Elsinga, 2012; Elsinga & Hoekstra, 2015) can be understood from an intergenerational perspective. The social coordination framework is also a promising basis for further research on the relationship between housing systems and the wider social structure (Kemeny, 1992, 2001).

What, then, were the structural features of housing opportunity for young Chinese people in post-reform China? Indeed, the development of a housing market and the massive supply of commercial housing gave some of them the opportunity to enjoy better housing conditions and even own property at an earlier stage of life compared to senior generations. However, by the second decade of the twenty-first century, their housing opportunity did not correspond to the status they had achieved in the market economy. One contribution of my research may be to bring a housing perspective into the debate about how the transition from state socialism to a market economy changes the structure of incentive opportunity. Unlike the kind of housing opportunity research that considers the whole urban population, research with a narrower focus -- on young adults from both urban and rural backgrounds during the 2010s -- suggests a much more limited effect of the market allocation of housing. Moreover, as I have pointed out, the current structure of housing opportunity was a result of the policy bias in favor of home ownership (Ronald, 2008). On that basis, I have argued that housing opportunity can be improved by adapting the current housing policy to develop a healthy rental market and by creating a tenure-neutral housing system in the future.

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# Samenvatting

## Aanleiding voor het onderzoek

---

Toen ik dit onderzoek in 2013 startte hadden veel Chinese jongeren moeite om een betaalbare woning te vinden. Tientallen jaren van hervormingsbeleid hadden gezorgd voor een compleet nieuw volkshuisvestingssysteem waarin eigenwoningbezit centraal was komen te staan. De onderzoeksvraag van deze thesis is dan ook: Welke factoren bepalen de mogelijkheden die jonge mensen op de Chinese woningmarkt hebben, en hoe hangen deze factoren samen met de hervormingen die in China zijn doorgevoerd? Mijn belangrijkste conclusie is dat het vermogen van ouders en intergenerationele reciprociteit van cruciaal belang zijn voor jonge huishoudens in China. Via eigenwoningbezit wordt zowel financiële als ook niet financiële steun uitgewisseld tussen generaties.

## Hervorming van het Chinese woonbeleid

---

De economische en institutionele hervormingen in China begonnen in 1978. Binnen het wonen vond er een drastische verschuiving van de eigendomsverhoudingen plaats. Door privatiseringsbeleid werden publieke huurwoningen (aandeel 72% in 1978) op grote schaal vervangen door koopwoningen (aandeel 75% in 2010). Hervormingen binnen onder meer de financiële markten en de ruimtelijke planning zorgden voor de introductie van een 'vrije' koopwoningenmarkt. Binnen het Chinese woonbeleid kunnen de volgende vier perioden worden onderscheiden (Deng, Hoekstra, & Elsinga, 2017):

- 1949-1978: staatsgeoriënteerde periode: verschaffing van voornamelijk huurwoningen door de zogenaamde werkeenheden (*danwei*);
- 1978-1998: de duale periode (gesubsidieerd eigenwoningbezit door verkoop van huurwoningen door werkeenheden, opkomst van commerciële koopwoningen);
- 1999-2011: marktperiode (commerciële koopwoningen dominant);
- Na 2011: inclusieve periode (commerciële koopwoningen blijven dominant maar vanuit de overheid wordt er ook geïnvesteerd in publieke huurwoningen).

De verschillende eigendomssectoren hebben verschillende verdelingsmechanismen. In de staatsgeoriënteerdeperiode hadden werknemers die in belangrijke werkeenheden werkten en loyaal waren aan de overheid de beste mogelijkheden op de woningmarkt.

In die periode werden woningen gealloceerd volgens bureaucratische principes, waarbij het inkomen van het huishouden geen rol speelde. Voor wat betreft de marktperiode kan verwacht worden dat de woningallocatie de principes van de markt volgt: hoe hoger het inkomen, hoe beter de woning. In de praktijk blijkt dit echter toch wat subtieler te liggen, zoals hieronder verder wordt uitgewerkt.

### Wat bepaalt de mogelijkheden op de woningmarkt voor jongeren tijdens de marktperiode?

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Op basis van de markttransitie theorie (Nee, 1989) kan verondersteld worden dat de mogelijkheden op de woningmarkt voor Chinese jongeren samenhangen met sociaaleconomische variabelen zoals opleidingsniveau, professionele status en inkomen. Met behulp van een logistisch regressiemodel, gebruik makend van data van de *Chinese General Social Survey 2010*, heb ik deze hypothese getest (Deng, Hoekstra, & Elsinga, 2016). Als verklarende factoren werden niet alleen de eerder genoemde sociaaleconomische variabelen opgenomen, maar ook variabelen die inzicht geven in de positie van de respondent in het institutionele communistische systeem: lidmaatschap communistische partij, kenmerken van de werkeenheid, recht op sociale voorzieningen (*hukou*) etc. Deze variabelen werden niet alleen opgenomen voor de jongeren zelf maar ook voor hun ouders. Uit de analyse bleek dat de variabelen die betrekking hebben op de ouders van een jongere, het sterkst voorspellen in hoeverre deze jongere in staat is om een koopwoning te bemachtigen. Dit onderstreept de cruciale rol die intergenerationale transfers spelen bij de verwerving van eigenwoningbezit. Zonder financiële steun van hun ouders is het voor de meeste Chinese jongeren niet mogelijk om een koopwoning te financieren.

### De rol van ouders en reciprociteit

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Het feit dat de huisvestingsmogelijkheden van jongeren in China voor een belangrijk deel bepaald worden door de ouders (zie hierboven), ondanks de overgang naar een marktgeoriënteerd systeem, vormde aanleiding voor nader onderzoek. Gebaseerd op theoretische inzichten (Kemeny, 2001; Kemeny, 2005) heb ik onderzocht hoe de verzorgingsstaat, de eigenwoningsector en de familie zich tot elkaar verhouden in het hedendaagse China. In de Chinese stad Chongqing heb ik zowel jong volwassenen als ook ouders van jong volwassenen geïnterviewd om na te gaan wat hun ideeën en ervaringen zijn ten aanzien van intergenerationale transfers. Het bleek dat veel ouders die hun kinderen helpen bij het verwerven van eigenwoningbezit, verwachten dat hun kinderen hen ook zullen helpen wanneer ze op hun oude dag behoefte hebben aan ondersteuning (reciprociteit). Dit geldt nog sterker voor ouders

die in rurale gebieden wonen en daardoor weinig aanspraak kunnen maken op verzorgingsstaatsvoorzieningen die worden verschaft door de overheid.

### De invloed van gender

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Uit mijn kwalitatieve onderzoek bleek verder dat het geslacht van de jongere een belangrijke invloed heeft binnen het proces van intergenerationele transfers. In de Chinese cultuur verlopen vererving en huishoudensvorming traditioneel via de mannelijke lijn. Als een stel trouwt zijn de ouders van de bruidegom primair verantwoordelijk voor het verschaffen van huisvesting aan het nieuwe huishouden. De bruid wordt deel van de familie van de bruidegom en wordt verondersteld om binnen deze familie zorgtaken te verrichten (bijvoorbeeld zorgen voor de ouders van de bruidegom). In de socialistische periode, toen huisvesting vooral werd verschaft door de staat en de werkeenheden, was de genderdimensie in China tijdelijk wat minder belangrijk. Sinds de markthervorming is gender echter weer van groot belang.

Bij intergenerationele transfers ten behoeve van de verwerving van eigenwoningbezit worden mannen duidelijk anders behandeld dan vrouwen, zo blijkt uit mijn interviews. Jonge mannen krijgen vaker en meer financiële steun van hun ouders dan jonge vrouwen. Hierdoor is het voor vrouwen lastiger om vermogen op te bouwen en financiële zelfstandigheid te realiseren. Tegelijkertijd verschilt de positie van vrouwen al naar gelang hun achtergrond en de strategie die ze volgen. Vrouwen die enig kind zijn en/of uit de stad afkomstig zijn slagen er relatief vaak in om zelf vermogen op te bouwen (door intergenerationele transfers en/of door hun eigen verdien capaciteit). En hoewel de man in China traditioneel de woningeigenaar is, zijn er ook vrouwen die het eigenaarschap van de woning met hun echtgenoot delen, of die tijdens het huwelijk zelf of samen met hun echtgenoot een extra woning kopen. Het slechtst af zijn de vrouwen die van het platteland naar de stad gemigreerd zijn. Deze vrouwen hebben dikwijls geen eigen werk en zijn economisch volledig afhankelijk van hun echtgenoot.

### Conclusies en aanbevelingen voor verder onderzoek

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Mijn onderzoek heeft laten zien dat er sterke samenhangen bestaan tussen de verzorgingsstaat, de eigenwoningsector, de familie en de genderrelaties. Het systeem dat resulteert uit deze samenhangen noem ik een systeem van sociale coördinatie. Mijn hypothese is dat er twee hoofdsystemen van sociale coördinatie bestaan. In het eerste systeem is er sprake van een dominantie van eigenwoningbezit, een relatief residuele verzorgingsstaat, intensieve intergenerationele transfers en duidelijke verschillen tussen mannen en vrouwen. Het gaat hier om een systeem dat is ingericht

volgens de principes van *homeownership-based welfare* (Doling & Ronald, 2010; Ronald & Elsinga, 2012; Elsinga & Hoekstra, 2015).

Een tweede mogelijk systeem van sociale coördinatie wordt gekenmerkt door een eigendomsneutraal woonbeleid, een sterk ontwikkelde verzorgingsstaat, relatief weinig intergenerationele transfers en gelijkheid tussen mannen en vrouwen. In China is op dit moment het eerste systeem van sociale coördinatie van kracht. Toch zijn er aanwijzingen dat het land zich in de toekomst in de richting van het tweede systeem kan ontwikkelen. Meer in algemene zin vormen de bovengenoemde systemen van sociale coördinatie een kader voor toekomstig onderzoek naar de relaties tussen het huisvestingssysteem en de bredere sociale structuur (Kemeny, 1992, 2001), zowel binnen als buiten China.

### Tot slot

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Mijn thesis heeft laten zien dat de hervormingen in China een grote impact hebben gehad op het volkshuisvestingssysteem. In vergelijking met vroeger is de woningkwaliteit sterk gestegen. Ik heb laten zien hoe de transitie van een socialistische economie naar een markteconomie de huisvestingsmogelijkheden voor jongeren heeft beïnvloed. Hierbij kwam naar voren dat niet zozeer het inkomen van de jongeren zelf als wel de mate waarin ze financiële steun krijgen van hun ouders de beslissende factor is. Naar mijn mening kan dit jongeren demotiveren en een negatief effect hebben op de Chinese economie. In het huidige Chinese beleid wordt sterk de nadruk gelegd op het stimuleren van eigenwoningbezit (Ronald, 2008). Mijn stelling is dat het toekomstige beleid meer zou moeten investeren in de ontwikkeling van een gezonde huurmarkt, om op die manier het woonbeleid meer eigendomsneutraal te maken. Als dit gebeurt worden intergenerationele transfers mogelijk minder belangrijk en zal ook de gendersegregatie afnemen.

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# 1 Introduction

## § 1.1 Introduction

This thesis studies housing opportunities in post-reform China for young Chinese adults (aged roughly from 25 to 40). The term ‘housing opportunities’ embraces the key factors affecting individuals’ access to housing services and assets. These factors determine the extent to which one person can transform his or her efforts into better housing outcomes in a certain institutional setting. The aim is to identify these factors and understand their interrelations against the background of China’s changing institutions and market reforms. In so doing, this thesis seeks to elucidate the interaction between various institutions and housing.

In 1978, China started the process of reform from a centrally planned economy toward a “market economy with Chinese characteristics” (Qiu, 2000). The reform of the housing system was part of this prolonged and complicated process. In the early phase of the broadly based reform, in the 1980s and 1990s, the housing reform was geared to letting non-state elements, including the resources of the individual work units and households, take part in housing provision and maintenance, thereby increasing and improving the stock (Chen & Gao, 1993). A housing market and real estate industry have gradually emerged since the 1990s, marked by the co-existence of a fully marketized ‘commodity housing’ and a partially subsidized ‘reformed housing’ sector. This dualist housing provision was called to an end in 1998. By then, the Asian financial crisis was threatening the export-oriented Chinese economy. In order to cope with the crisis, housing need was channeled into the ‘commodity housing’ market, and various policy changes were made to facilitate consumption by households in that sector. By 2003, the development of a housing and real estate market (with its long chain in production and consumption, from finance and construction to household appliances and services) became the ‘pillar’ of the Chinese economy, as the State Council put it.

The provision of non-commodity housing was marginalized after the reform. Thus, purchasing commodity housing and thereby becoming a home owner was the only option left for young Chinese people who wanted to live in an independent, stable and decent home (Lee, 2000; Zhu, 2000). Urban housing soon became more than just a commodity for Chinese families to buy and use as accommodation, however. It became

an asset, a form of investment capital, a safety net to offset future risks, and a symbol by which to identify oneself (Zhang, 2010). Situated in the discourse on post-reform changes in housing and other institutions, this PhD thesis examines the housing opportunities of young Chinese people and the interactions between housing markets and institutional changes.

This chapter now turns to the housing reform, briefly introducing it (section 1.2) and then discussing the concept of housing opportunity (section 1.3). That conceptual introduction is followed by a historical overview of the three institutions to be examined, namely the family (including gender), welfare, and housing. Section 1.4 illustrates their interlaced evolution in Western countries and section 1.5 presents a chronological overview of their development in China. Section 1.6 presents the approach and design of the research. Finally, section 1.7 briefly introduces each of the four empirical chapters.

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## § 1.2 Housing market reform: a tenure transition

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China's gradual turn from a planned economy toward a market economy commenced in the late 1970s. The turn had a clear purpose: to boost economic vitality and improve the efficiency of resource allocation. The scope of reform was broad, affecting the administrative and welfare system, the purchase of certificates and deregulation of prices, property ownership, housing, and many other fields. These reforms often took a gradual and dualistic approach. In the housing domain, the reform started with changes in the price and quantity of the existing housing provision (i.e. welfare housing developed and allocated by work units). Later, it included changes in the institutional environment and governance, not only affecting housing but also other domains. The Constitution was revised to enable the transfer of land use rights, to support the private sector, to protect private property rights, and to compensate for land acquisition. Work units were transformed from a hybrid organization of production and administration into a pure production organization that had a market-like employment relationship with its workers. The tax and revenue system was reorganized into different jurisdictions between the state-owned enterprises and the government, as well as between different levels of government. Welfare housing, which was provided by work units for a nominal rent, was phased out. It was replaced by reformed housing (work unit housing that was sold at a discount to the work unit employees) and commodity housing – both in the home ownership sector.

The replacement of welfare rental housing by home ownership is a shift of 'housing tenure', or a tenure transition. Housing tenure refers to a set of legally defined and sanctioned rights and duties concerning owners and users of housing and touches upon the different ways that housing is financed, developed, managed, and allocated (Ruonavaara, 1993). As an institution, housing tenure concerns first and foremost the legitimate ways that people gain access to and possession of housing as a consumption good. It can be broadly divided into 'owner-occupation' and 'renting'. Residents have the right to use a dwelling either through ownership or through acquiring the right of occupation by renting from the owners. The distinguishing feature is the right of disposal: owner-occupiers have the right of disposal (whatever the restrictions are) and renters do not. Thus, owner-occupiers have exclusive security of tenure as long as they own the dwelling whereas tenants can be evicted by the landlords. But rental tenure can be subdivided into social rental and private rental; the former often involves protection of tenancy and subsidies for the renters.

Occupying a dwelling and having security of tenure are related to the financing of the dwelling. Home owners have to pay the cost of the home all at once when they take occupancy. And afterwards, the owner can lose or gain equity, depending on the market value of the property in the future. The high 'front-loading' costs of owner-occupation often require some financial assistance for the households, enabling them to attain owner-occupation. That assistance comes either from family resources or a mortgage loan. Tenants, in contrast, only pay as long as they occupy the dwelling. Instead of requiring a large lump sum payment at the beginning of the occupancy, renting spreads the costs over a longer period of time. Thus, renting is suitable for people who want access to housing without taking out a mortgage or receiving financial support from outside sources. On the other hand, tenants run the risk of losing access to the dwelling if they fail to pay the rent. Moreover, the amount they pay is subject to future fluctuations in the housing market.

The differences between home ownership and renting noted above correspond to the ideal type of each tenure. In practice, all kinds of distortions may occur: social home ownership, shared home ownership, cooperative housing, rent regulation, and anti-speculative measures, among others. In real life, various forms of housing tenure can be found in different countries and societies corresponding to historically specific institutional arrangements, such as the British council housing and the Swedish cooperative housing. To apprise the exact meaning of any particular form of housing tenure, we have to look at the legal rights and customary rights in the entitlement to use the dwelling for satisfying housing needs, as well as at the security of tenure. Given the background of the transition from a planned economy to a market economy, the rights and meanings of the different forms of housing tenure in China are understandably complex.

One source of complexity is housing tenure's connection with hukou – a system of household registration that gives the hukou holder access to welfare benefits such as a pension and public education. In socialist China, the tenants of welfare housing could register their hukou and get access to local welfare provisions. Moreover, the tenancy was inheritable. In comparison, owner-occupation was a less desirable tenure in the socialist period. If owner-occupiers were not affiliated with a particular work unit (the provider of welfare in socialist times) they were not entitled to its welfare services. And that was often the case because owner-occupiers tended to be self-employed. Owner-occupiers were also more vulnerable to relocation as a result of projects to regenerate the dilapidated urban cores. But during and after the reform, things turned around. Since reform policies promote home ownership rather than renting, the rights to register one's hukou are now given to home owners instead of to tenants. Furthermore, the responsibility for welfare provision has been transferred from the work unit to the municipality. Affiliation with a particular work unit is no longer relevant to one's eligibility for welfare provisions. It is the hukou registration in the municipality that matters. Thus, since the reform, owner-occupiers can connect their hukou to the address of the home and enroll their children in the public school, whereas tenants in the emerging private rental sector cannot do so. Civil rights pertaining to the property, such as representation in neighborhood affairs, are connected to the owners (whether owner-occupiers or landlords) rather than to the actual occupants (tenants, in case the owner is a landlord). Thus, tenants are discriminated against, compared to home owners, and treated as second-class citizens.

The meaning of housing tenure is also related to informal institutions such as norms regarding gender and the family. In post-reform China, ownership of a dwelling is embedded in traditional patrilineal marriage customs, in which the husband and his family are expected to cover the housing costs and be the owner of family home. This tradition was denounced and greatly diminished in the socialist period between the 1950s and 1970s in a thrust to promote gender equality. But it returned during the post-reform era with the retreat of the state from private life and housing provision. Better-off families with a male child sometimes bought a home to attract a future daughter-in-law, and some brides and their parents asked for an owner-occupied home as a basis for the marriage. Young men who did not own a home encountered discrimination in, for instance, matching making (Zheng, 2015). In accordance with this patrilineal tradition, most owner-occupied homes are registered as the property of the males (ACWF & NSB, 2010; Fincher, 2014). Home ownership was associated with masculinity: if a man failed to own a home he would be considered a loser (Zhang, 2010). Demarcation of ownership between husband and wife at the time of marriage or divorce has triggered much domestic conflict and unrest.

### § 1.3 Housing opportunity: why it is important?

In this research, ‘housing opportunity’ is defined as the chances of individuals to have better housing outcomes in certain institutional settings. The opportunities to transform personal effort (such as working hard and better educational attainment) into better housing conditions are not the same for each individual and are influenced by a number of variables. Depending on how housing provision and allocation processes are organized in a society, these variables could be demographic (age, gender, and family composition), socioeconomic (class origin, education, occupation, and income), or related to some institutional arrangement like work units and hukou in socialist China. In other words, the approach to housing opportunity takes an agency-based perspective. From that angle, this thesis investigates how the organization of housing provision and allocation, given a certain formal and informal institutional background, would restrain or stimulate the development of individuals and families. This inquiry into housing opportunity is grounded in an assumption that by understanding the situation and behavioral rationale of the agents, adjustments could be made in policy and institutions to optimize development and freedom for individuals.

The marketization of housing has reshaped the notion of housing opportunity. Before the reform, urban housing was allocated by a bureaucracy that decided which candidates were the most needy and deserving. Indicators of housing opportunity in this period included the size of the household but also the household head’s seniority on the waiting list, political significance, and rank. After the reform, according to Nee’s theory on the opportunity structure of the market transition (Nee, 1989; Song & Xie, 2014), opportunities to access housing are expected to be allocated by the market principle, i.e. according to the ability to pay. Thus, housing opportunity should go to people with higher economic capacity - those who have higher incomes or better educational qualifications and earning power – regardless of their attributes in other non-economic areas. Empirical studies to test this hypothesis, however, discovered persistent effects of the non-economic factors, such as one’s household registration status (hukou) and membership of the Chinese Communist Party (Pan, 2003; Sato, 2006; Li & Yi, 2007; Li, 2012; Huang & Li, 2014). In this thesis, the analysis is concentrated on how the market reform has affected housing opportunity for young people.

In recent decades, young adults who were looking forward to establishing an independent household have faced insurmountable challenges. As the physical base of daily activities and nexus of networks, a stable and affordable home gives the family and the social life of individuals a grounding. It also provides the foundation

on which young people can establish a sense of certainty, which in turn enables them to plan ahead and invest in their future. In early adulthood, a series of demographic transitions occur, such as leaving home, marriage, and childbirth (Arnett, 2000; Mulder, 2006). During these transitions, poor access to housing would delay young adults' development in other social and economic areas, such as family formation and reproduction, health and psychological well-being, career, and entrepreneurship (Clapham, 2002; Tomaszewski & Smith et al., 2016; MacLennan & Miao, 2017). It is because of a concern about their development that I decided to study the housing opportunity of young people in China.

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## § 1.4 Housing and the wider society

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Housing is deeply embedded in the social structure. Given the very pervasiveness of housing in terms of influence on life style, urban form, welfare, and patterns of household consumption, it is important to understand how housing is related to the functioning of the society. A more theoretically grounded field of housing studies is necessary to be able to unravel the complex relationship between housing and the wider social structure in which it embedded (Kemeny, 1992).

This section and the next present a brief historical account of how the family (including gender), state welfare, and housing have interacted with each other, have evolved, and operate in contemporary society. Section 1.4 discusses this evolution in developed Western societies while section 1.5 goes into more detail when discussing China. I will come back to the interconnectedness of welfare, housing, family, and gender in the Conclusion, where I will attempt to theorize my findings.

Western families are believed to be very different from families in the rest of the world, and to have been so for over a thousand years. This unique 'Western family' institution is part of what made the West the pioneer of industrialization (Goode, 1963). Though perhaps exaggerating, Goode asserts that "Western industrialization would have developed more slowly if those family systems had perhaps been patriarchal and polygynous, with a full development of arranged child marriage and a harem system" (Goode, 1963, p. 22). As early as the seventeenth century, families in Western societies were predominately nuclear; young people married late because the newlyweds were expected to establish a separate household, which required the accumulation of economic resources (Hareven, 1999, p. 7). In that period, families and kin were the main sources of social protection and welfare. The direct providers of welfare were the

female members of the family and clan; it was they who carried out care and other unpaid domestic work and who also occasionally worked outside for supplementary or alternative income.

Another driver of industrialization and the advance of Western countries was the rise of the nation-state, which eventually took over the functions of welfare and social protection previously performed by the family and kinship networks. The rise of nation-states 'privatized' families and transformed them into entities of consumption, child-centered units based on emotional bonding (Hareven, 1999, p. 24-26). To some extent, families surrendered their functions of production, welfare, education, and social control to the state and other public agencies and withdrew into the private sphere. It was also during the period of industrialization that many women left the family setting and joined the labor force. The relative absence of women from the domestic sphere, in return, left room for the state and market to take over some of the functions of the families. In the nineteenth and twentieth centuries, kindergartens, schools, and elderly care services were made available to ordinary people. The transition out of welfare provision in and through the family, out of welfare provision through intergenerational transfer and the kinship network, culminated in the post-war development of European 'welfare states'. Since then, a systematic pension and social protection service has been established in multiple countries. The development of the welfare state has made different generations in extended families more independent of each other. A dominant pattern in Northern and Western European welfare states is that the elders have their own income and lead their own lives independently of their children (Kohli, 1999; Attias-Donfut, Ogg & Wolff, 2005; Blome, Keck & Alber, 2009).

Since the commencement of industrialization, the young population has migrated to urban areas. Initially, these newcomers were housed in lodges and boarding families; later they settled down and established a separate household in rented and purchased dwellings. To house the rapidly increasing number of workers, factories and companies as well as philanthropic societies started to participate in the provision and financing of housing. These solutions often took the form of social rental properties owned by a variety of public entities such as housing associations (the Netherlands) and councils (UK). After the Second World War, corporative interest groups and the nation-states became even more active in the direct provision of housing to address the post-war housing shortages through new institutions and various degrees of subsidization. Social rental housing systems were established in Western Europe and Scandinavian countries (Harloe, 1995; Kemeny, 1995; van der Heijden, 2013). In countries where a liberal and individualistic ideology was more prevalent, like the USA, a home ownership society was established, dominated by the sprawl of detached houses in suburbia (Retsina & Belsky, 2005; Schwartz, 2012). The institutional traditions and new developments in each country, such as corporative groups, the labor movement, and

the construction of new financial organizations and rules, eventually guided Western countries into different directions. In this respect, it should be noted that, unlike other welfare services, housing was never completely decommodified. Even in countries with a large social rental sector, housing provision and consumption were mainly treated as market activities and were subject to principles of economic transaction (Torgersen, 1987; Harloe, 1995).

In the 1970s and 80s, culminating in the end of the cold war and the triumph of liberalism in the West, neoliberal ideology spread worldwide into many economic and social domains. Public expenditure was decreased and many public sectors were privatized. Subsidies on housing construction were gradually phased out. Instead, policies came to put greater emphasis on the role of the private sector, the effectiveness of government instruments, the effective demand of families, and the demand for subsidy based on means-testing (van der Heijden, 2013). In the meantime, home ownership was promoted through policy supporting tax relief and mortgage market development (Elsinga, De Decker, Teller, & Toussaint, 2007; Ronald, 2008; Ronald & Elsinga, 2012). Later, the faith in the power of home ownership developed into an 'ideology' whereby a home of one's own was presumed to promote an individualist ethos among working-class households and to hinder the growth of collective forms of social organization (Ronald, 2008). The idea of treating home ownership as a means of accumulating assets and sources of welfare also picked up momentum as these developed home ownership societies moved toward maturity and faced the problem of an aging population.

According to Sherraden's premise of 'asset-based welfare' (Sherraden, 1991; 2003), instead of relying on state-managed social transfers to counter the risks of poverty, individuals should be encouraged, and enabled, to accept greater responsibility for their own welfare needs by investing in financial products and property assets that would augment in value over time. In European welfare states, the pensions and other social benefits relied on the taxation of the working population, whose numbers kept declining relative to the number of pensioners. Those states looked upon the wealth stored in owner-occupation as a source of 'private assets' (Doling & Elsinga, 2013, 8). In the private sphere, individuals and institutions were also actively investing in housing properties, which proved to be a means of maintaining or even gaining wealth. Soon the debates about asset-based welfare had encompassed the discussion about the potential of using home ownership to address the welfare need of its owners, since the home was already an asset that was widely distributed throughout the populations (Regan & Paxton, 2001; Sherraden, 2003; Doling & Ronald, 2010; Ronald & Elsinga, 2012; Doling & Elsinga, 2013).

While investing in residential property yields considerable benefits for private households and institutions, using owner-occupation as grounds for welfare provision in public policy and channeling public funds into support for owner-occupation among low-income households is a problematic direction (Doling & Elsinga, 2013). The low-income households tend to occupy the lowest end of the housing market where they are the most vulnerable to price fluctuations. Thus, they are more likely than others to lose equity in an economic downturn. Home ownership is not risk-free, as demonstrated by the US subprime crisis, and its financial benefits are temporally and spatially contingent. In effect, the housing market tends to entrench existing wealth inequality (Hamnett, 1999).

At the turn of twenty-first century, as neoliberalist policies eroded support from the state and the public sector, it was hard for young adults to establish economic independence without support from the family. With declining opportunity and security in the labor market, the younger generation came to rely on intergenerational cash transfers. They also received more in-kind housing transfers from their parents by living in the parental home for a longer period of time (Cobb-Clark, 2008; Berrington, Stone & Falkingham, 2009). For young people whose aim was to establish an independent household, these constraints led to formidable affordability problems, and they could hardly do without family help to purchase a dwelling (Forrest & Murie, 1995; Heath & Calvert, 2013; Druta & Ronald, 2016; Manzo, Druta & Ronald, 2016; Heath, 2017).

This historical overview traces the thread that seems to tie the development of family, welfare, and housing to gender (Figure 1.1). This thesis explores how these dimensions are interlaced in the Chinese context.

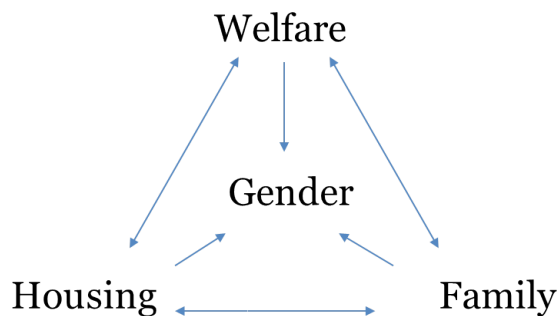


FIGURE 1.1 Conceptual framework of the thesis

## § 1.5 Family, welfare, and housing in twentieth-century China

### § 1.5.1 Chinese families

Chinese civilization has existed for more than two millennia with a cultural pattern that features certain forms of family life and obligations. Central to the culture is the ethic of filial piety, involving an absolute obligation for the younger members to respect and cater to the needs of the elders, particularly their parents (Whyte, 2003). A traditional Chinese household is often multi-generational in the patrilineal line, with parents, one or more married sons, and their wives and children living in the same household. And the grown-up daughters almost always move away at marriage. They go to live with their husbands' families, in patrilocal fashion, and become members of their husband's family, retaining only minimal ceremonial roles in their natal family. Traditional Chinese families were also very hierarchical, with the senior members holding higher authority over their juniors and males over females. The children's marriage was also accomplished by parental arrangement that gave priority to the parents' needs rather than that of the young couple.

By the late nineteenth century, domestic changes and foreign influences began to challenge some elements of that tradition, which by then was being attacked by young intellectuals as a source of China's backwardness. Moving into the twentieth century, the growth of industry and the emergence of other kinds of employment also provided Chinese youth with new opportunities to live and work apart from their families, giving fresh support to their individualistic inclinations. After the People's Republic of China was founded under Communist leadership in 1949, and particularly after the socialist transformation (1955-1957), with almost all educational institutions and employment under state control and with family property reduced to insignificance, parents no longer commanded the resources that their children depended upon to become adults (Whyte & Parish, 1984). The Marriage Law of 1950 bestowed on young people more freedom in marriage and advocated sexual equality. Women were also encouraged to join the labor force (Zheng, 2005).

The impact that market reform and economic development has had on family life since 1978 is complex. As control over cultural and private life was relaxed, some traditional customs were revived, particularly after the CCP recognized Confucian doctrine as a new source of political legitimacy (Whyte, 2003, 13). However, a number of other forces emerged to threaten the ethic of filial piety. In line with experience worldwide, economic

development in China tended to strengthen conjugal and individual orientations and weaken compliance with family obligations. The shift from state allocation to market allocation in distributing employment, housing, and other resources gave young people more options, whereby they became less dependent upon both their parents and the state in planning their lives (Davis & Harrell, 1993). But as the market reform deepened - echoing trends in the neoliberal West - the labor market became less secure and the wages did not keep up with rising costs in key sectors such as housing, young people found it hard to achieve independence without financial support from the families.

Things were much different in the countryside and for the families who were based there. The economic opportunities after reform gravitated to the cities and coastal areas. Much of the young labor force therefore left the countryside and migrated to the cities to find work. Their families, however, did not accompany them but stayed in the countryside because of the lower cost of living. Intergenerational mutual support was reinforced in financial terms. The family income increased, which improved the material conditions of the elderly and the children back home. But in terms of emotional support and practical help, migrating families could hardly meet these needs adequately (Wu & Penning et al., 2016). The reform and the mass labor migration it initiated left millions of unsupervised minors and unsupported elderly in the countryside (Xu & Xie, 2015).

### § 1.5.2 The organization of welfare

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In China, as in all premodern societies, the family and kin were the main sources of welfare provision and protection from uncertainty before the twentieth century. Care for young children and the elderly is traditionally the responsibility of the female family members. More complicated forms of welfare, such as education and social protection, were provided by the clan and kin. In China, the customs of patrilocal residence and patrilineal inheritance played a particularly important role in securing the source of welfare provision. At the time of marriage, the bride left her natal family, moved to her husband's household, and became a member of the husband's family and kinship circle. The couple would co-reside with the husband's parents and the wife would fulfill her filial duty (obeying and caring for his parents) until the father passed away. At that point, the family property was divided evenly among the male siblings and the family was split into several households, which still retained close kinship ties. This process would be repeated in the next generation with the marriage of the grandson(s) and the in-coming of new care-givers (granddaughters-in-law). Protecting family property and supplying care resources are the main concerns of Chinese parents who ascribe to this principle, leading them to make deliberate decisions for their children's marriages.

Some civil groups were already trying to provide public welfare services before 1949, but it was not until the 1950s, with the organization of state and collective enterprises, that a formal and systematic welfare network was constructed. Through the nationalization of welfare services, the communist leadership wanted to induce young laborers and intellectuals to break the 'chains' tying them to their families so they could join the labor force. This break would facilitate primary accumulation from industry and lead them to withdraw their loyalty from the family and submit to the state (Zheng, 2005). Public kindergartens, schools, health care services, and nursing homes were established and made available and affordable (Whyte & Parish, 1984; Whyte, 1985). At the macro level, the redistribution between the cities and the countryside was a strong state strategy to boost industrialization. It resulted in a highly biased system of welfare provision, making urban residents better off than rural residents. A retirement and pension system was developed and quality schools and hospitals were provided in the cities; in the countryside, services were minimal or non-existent.

The Marriage Law of 1950 gave more freedom to young people regarding marriage and advocated sexual equality. However, it was not intended to undermine filial piety or to encourage individualism or the nuclear family. In fact, families were still seen as the primary source of care; the Marriage Law stipulated that children were responsible to support their aging parents (and vice versa, parents were obligated to provide for their young children). Gender equality increased during this period (Zheng, 2005). Public education and the job allocation process provided equal opportunity to men and women (Ikels, 1993). The state-run kindergartens and canteens also lightened women's domestic burden and enabled them to participate in the labor force.

Since the market reform, the structure underpinning stable employment in state and collective enterprises has gradually been dismantled. Many urban workers have been laid off. On the other hand, the workers have gained more freedom in the labor market, notably to move to another city or another workplace for better earnings. Subsidies on public education and health care have been decreased; instead, such services are provided by more marketized forms of delivery at increasing costs. Within the family, the birth restriction policy of 1979, which was tightened in 1982, had a great impact. It rapidly changed the structure of elder care. Previously, aging parents had several grown children who could share the responsibility of supporting them. Under the new policy, most aging parents would have only one child (or two in rural families), and that child's filial attention was to be shared by another set of parents (Whyte, 2003). Meanwhile, neither the state nor the newly emerged market sector were anywhere near being ready to provide institutional care services for the elderly (Ikels, 2006). Things were even worse for the elderly in the countryside, who had no pension and whose adult children had migrated to the cities.

### § 1.5.3 Housing provision and allocation

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In the first half of the twentieth century, the majority of the properties were privately owned. In keeping with the patrilineal kinship system, accommodation was provided by the (male's) parents, often as a self-built extension of their home or on a nearby plot owned by the parents. The elders often retained the rights to occupy the family properties until death or disability (Whyte, 1980; Cohen, 1992). In rapidly growing urban areas such as Shanghai and Chongqing, real estate development for sale or rent to newcomers also became common.

During the socialist transformation (1955-1957), real estate, including land and housing, was nationalized or collectivized, as were many means of production. In rural areas, privately owned land, both agrarian and residential, was confiscated and became the collective property of the 'people's commune'. Families who were allocated to the same commune had to work together and earn 'work points' in exchange for subsistence resources, which were also distributed by the 'people's commune' (Whyte, 1980). In urban areas, a large share of the privately owned housing was nationalized and let to sitting tenants at low rent (Whyte & Parish, 1984). Before the reform, new housing construction was led by the public sector; ownership was in the hands of the municipality or work unit, which rented out the dwellings through a bureaucratic allocation process (Whyte & Parish, 1984; Wang, 1995). The public-owned housing, called welfare housing, was treated as part of the workers' remuneration in-kind. Thus, like welfare distribution in other fields, welfare housing could only be obtained by households who were working in powerful work units.

In the early phase of the housing reform, new housing was sold to urban residents as either 'reformed housing' (constructed by the municipality or work unit and sold with subsidy) or 'commodity housing' (constructed by real estate developers and sold at market price). After 1998, the provision of reformed housing was officially stopped. Commodity housing became the major tenure, while affordable rental housing, which is supposed to cater to the needs of ordinary households, kept declining. Particularly after the Asian Financial Crisis, preferential monetary policies and market de-regulation policies were relaxed to boost market demand. Starting in the 1990s, housing prices kept rising rapidly and became increasingly unaffordable for first-time buyers. It was almost impossible for young people to buy a home without seeking parental help for a down payment.

The provision of housing to immigrant workers is very different than the provision to local workers. In the early phase of the reform, the immigrants were excluded from the formal housing market. They had to live at the workplace or rent in the informal

sector. Later, in the 1990s, in an effort to promote housing consumption, they were encouraged to buy commodity housing and thereby gain the opportunity to register a local hukou, which would give them access to other local benefits. After 2003, this policy was terminated and a prohibition was placed on housing consumption by migrants in big cities, intended as an instrument to prevent speculation. Still, in townships and small to medium-sized cities, the immigrants from rural areas were encouraged to buy a home and transfer their hukou, thereby gaining real citizenship. In the process of reform, housing provision and consumption departed from the initial concern for welfare and eventually became an instrument for economic development.

In post-reform China, generally speaking, housing allocation is more inclusive than it was before the reform. Formal barriers preventing immigrants from renting or buying a home have been partially removed. Although the purchase prohibition is again in place in several big cities, as a tool to prevent speculation by non-residents, immigrants in small and medium-sized cities are free to buy a dwelling and even obtain a hukou afterwards. Although more inclusive, these housing markets are not necessarily more equal than what went before. While not hindered by institutional barriers such as hukou to settle down in a city, people are more likely to be held back by their economic resources. This is particularly true for young adults who come from humble families.

As home ownership becomes increasingly common for Chinese families, the issue of inheritance and the distinction between family members regarding who deserves assistance again emerged. Should the parents prepare a home for their adult children's marriage? Should the inheritance or inter vivos transfer of housing go only to the sons or rather to the sons and daughters? Should the adult children obey the parents' wishes when the parents offer their help to purchase a home, which would otherwise not be possible for the children? Should the adult children fulfill the traditional role of filial piety, which means the obligation to support the parents, even if the parents do not help in them purchase a home? In every period of Chinese history, the organization and social norms of family, welfare, and housing are somewhat interrelated, and probably in a different way than in Western developed societies. It is the aim of this thesis to update the knowledge about this linkage in the post-reform era.

## § 1.6 Research approach

### § 1.6.1 Background and knowledge gaps

In many ways, the Chinese housing reform has been very successful. It has improved the living conditions of many families and allowed them to possess equity valued at 930 thousand Chinese Yuan on average (€102,000 in 2011) (Gan et al., 2012). The picture is less rosy, however, if we zoom in on the situation of young people. They are in need of a stable, affordable, and decent home to form a new family and establish an independent life. The only way to achieve that goal under the housing tenure transition set in train by the reform is to buy commodity housing and enter into home ownership. The possibility for them to do so, however, seems to be declining to the point that they are becoming desperate, as the income/price ratio rose to more than 10 and even more than 20 in first-tier cities like Beijing and Shanghai. The housing challenges faced by young Chinese adults have not received enough scholarly attention. The majority of the studies focus on institutional changes in housing itself or on the housing experience of the whole urban or migrant population (Logan, Bian, & Bian, 1999; Duda & Li, 2008; Huang & Li, 2014; Yi & Huang, 2014). To fill that gap, the present research considers young people as a separate group, puts young adults with various backgrounds into the same research framework, and seeks to compare how their housing opportunities differ and why. After all, no matter what background they had, they are free to enter the urban housing markets of this or that Chinese city. The background they bring with them will play a role in their chances in the housing market they choose to enter.

In the meantime, family background and intergenerational transfer have become decisive factors in young people's housing opportunities. The practice of using parental resources in home purchase is increasingly common in both China (Feng, 2011; Cui, Geertman & Hooimeijer, 2016) and Western countries (see for example, Berrington, Stone & Falkingham, 2009; Forest & Murie, 1995; Matsudaira, 2016), but in China it seems to be more salient. Financial transfers from parents can help young prospective buyers overcome borrowing restrictions on mortgage loans. In that way, young people can buy a home earlier and 'waste' less money on rent. They can arrange more attractive terms from the lender or buy a more expensive home and thereby accumulate more wealth. For those families who do not have enough resources to establish an independent household, living with the parents is a possibility. This solution, however, is problematic for the 152 million young people who migrate to other cities in China (Census 2010). Alongside the increasing volume of literature

documenting the practice and impact of intergenerational transfer for home ownership (see for example Heath & Calvert, 2013; Druta & Ronald, 2016; Manzo & Druta et al., 2016; Heath, 2017), the number of studies undertaken to understand the rationale for and functioning of intergenerational transfer is inadequate, particularly in the context of post-reform China.

In short, the thesis attempts to fill two gaps:

- 1 The lack of attention to young Chinese urban residents' (across all backgrounds) housing opportunities in the post-reform Chinese context;
- 2 The lack of understanding of the mechanism of intergenerational transfer in young people's housing opportunities in the post-reform Chinese context.

### § 1.6.2 Research aims and questions

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To fill the two above-mentioned gaps in our understanding of home ownership, this thesis aims to answer the following question:

What are the key factors determining young people's opportunity to access housing, and how do these factors relate to China's institutional changes during and after the market reform?

By presenting an investigation of Chinese young people's housing opportunity, this thesis aims to deepen the understanding of the interaction between changes in the formal institutions of housing and welfare and in the informal institutions of family and gender. This research question has been broken down into four sub-questions, which will be treated individually in chapters 2, 3, 4, and 5:

- 1 How has the provision of urban housing in China changed during and after the market reform in line with two institutional shifts (with regard to the role of the work units and the hukou registration), and how has this influenced housing opportunity?
- 2 Which factors can predict young Chinese people's opportunity to access home ownership?

- 3 How does the expectation of reciprocity affect housing-asset intergenerational transfer<sup>1</sup> in contemporary China, where welfare provisions are not equally distributed among urban and rural residents?
- 4 How and why does the gender of the recipient affect the negotiation of intergenerational transfer on home ownership? and, against this backdrop, what are young women's possibilities for accumulating housing assets?

### § 1.6.3 Research approach: data and methods

The scope of this thesis calls for a comprehensive analysis. Therefore, the content of the underlying research covers a range of subjects: the institutional and policy changes in housing and other domains from 1949 to 2015; the changing determinants of home ownership at the national level (at which the owner-occupiers generally enjoy the best housing services and welfare in the current institutional setting); and qualitative studies of individual families in the city of Chongqing. Thus, this thesis is grounded in mixed research methods and various sources of data. Chapter 2 is mainly based on an analysis of policy documents, literature, and secondary data. Chapter 3 uses Chinese General Social Survey Data, a nationally representative source of data collected in 2010 (CGSS2010). CGSS2010 data is derived from multistage probability sampling and covers all provinces. For the purpose of this research, the analysis was performed on a sample of urban residents aged 18 to 35 years and not in full-time education. Excluding respondents that gave no effective information about housing tenure, 1500 cases were selected for the analysis presented in chapter 3. That analysis uses descriptive statistics and a logistic regression model.

Chapters 4 and 5 are based on qualitative data collected by the author in Chongqing during the winter of 2015. The selection of Chongqing as the place to conduct fieldwork for the qualitative part of the study was based on considerations of representativeness and convenience. As a second-tier city, many of its socioeconomic indicators rank in the top 10 or 20. It is one of many big cities with a large population of young people, yet it is not one of the cities with an extreme affordability problem, like Beijing and Shanghai. Some of its characteristics are shared by many other urban areas in China: a long history, rapid development in recent years, a relatively even balance of industrial

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1 The term housing-asset intergenerational transfer" is originally used in journal articles (chapter 4). The behaviour it described is that parents use their financial asset to pay for children's home ownership, rather than parents directly transfer housing assets to children. To avoid ambiguity, the term "intergenerational transfer on home ownership" is used elsewhere.

sectors, and a large population of both locals and migrants. The data includes in-depth interviews with 22 young residents and nine parents. In keeping with the principle of maximum diversity, the participants were selected by a purposive sampling method targeting locals, urban immigrants, and rural immigrants. The recruitment started with personal contacts and continued through snowballing until information saturation was reached. Each interview was started with an information table and an interview guide. The conversation lasted from 45 to 75 minutes and was conducted either in Mandarin or the local dialect. The data was recorded, transcribed, and analyzed using Atlas.ti 7.0 software.

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## § 1.7 Outline of the thesis

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Chapter 2 gives a policy-oriented and an exploratory analysis of the changes in housing and relevant institutional domains – particularly the *hukou* and work unit - from 1949 to 2015 (addressing research question 1), upon which the empirical analyses in chapters 3, 4, and 5 are based.

- Chapter 2: Redistribution, Growth, and Inclusion: The Development of the Urban Housing System in P. R. China, 1949-2015 (*Current Urban Studies*, 2017, 5(4), 423-443)

By reviewing the policy changes, this chapter argues that the development of the Chinese housing system has shifted from socialist redistribution to the stimulation of growth in the process of market economy reform and has been shifting toward social inclusionary growth since the 2010s. A review of these policies' impact on housing inequality suggests that the improving inclusion in housing in the context of a highly commercialized market does not translate into more equality in housing opportunities. Assessing the latest trends in policy-making and market dynamics, this chapter raises concerns about the emergence of a new source of housing inequality: the unequal distribution of family wealth.

Chapter 3 presents a quantitative analysis of the changing determinants of young people's home ownership, signaling better opportunities to access stable accommodation and housing assets (addressing research question 2).

- Chapter 3: The Changing Determinants of Home Ownership among Young People in Urban China  
(*International Journal of Housing Policy*, 2016, 16(2), pp. 201-222)

This chapter constructs a framework of 'housing opportunities' to investigate the importance of 'redistributive power' - as couched in political, organizational, and territorial affiliations - and market ability in determining young people's opportunity to access to home ownership. Statistical modeling shows that despite decades of housing reform, a stronger market position does not give young Chinese adults better chances to live as independent home owners. Rather, the analysis presented in this chapter demonstrates a persistent relevance of parents' position in the pre-reform welfare system.

Chapters 4 and 5 analyze the role of intergenerational transfer in determining young adults' opportunity to access home ownership. Chapter 4 focuses on the motivation for intergenerational transfer: the expectation of reciprocity (addressing research question 3).

- Chapter 4: Reciprocity in Intergenerational Transfer of Housing Assets<sup>2</sup>:  
A case study in Chongqing, China  
(*submitted to Housing, Theory and Society*)

Chapter 4 focuses on the motivation to engage in intergenerational transfer for home ownership. The analysis reveals how the expectation of reciprocity affects the decisions by young adults and their parents on whether to engage in intergenerational transfer or not. The results show that the transfer is perceived as an exchange of financial support in the present for generalized support in the future. The results also show how the parents' position in the pre-reform welfare system affects the transfer. Notably, families with a rural migration background - who tend to have less access to the public welfare system due to China's dual hukou system - are the most eager to invest in the transfer and also expect the most reciprocity.

- Chapter 5: Why Women Own Less Housing Assets in China? The Role of Intergenerational Transfers  
(*Accepted by Journal of Housing and Built Environment*)

Chapter 5 is focused on the gender discrepancy in intergenerational transfer on home ownership. It argues that with the retreat of state support from areas affecting young people's life chances and senior citizens' care, a traditional patrilineal family model has been revived. That is, the males' parents assume the responsibility to provide a home for the newlyweds in exchange for filial service from their children, particularly from the daughters-in-law. Under this kinship system, women receive less intergenerational transfer than men, which, in conjunction with their disadvantages in other fields, explains why they have less housing assets.

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## 2 Redistribution, Growth, and Inclusion: The Development of the Urban Housing System in P. R. China, 1949-2015

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### Abstract

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This paper explains the development of the urban housing system in P. R. China from 1949 to 2011 with an emphasis on the factors driving housing inequality in each policy period. We argue that the logic underpinning the housing policy had shifted from socialist redistribution to the stimulation of growth in the process of market economy reform and has been shifting toward social inclusionary growth since the 2010s. Over the course of time, two institutional factors (work units and household registration/*hukou*) have played a key role in determining individual households' housing opportunities. The role of the work units has gradually waned since the 2000s, but the *hukou* system continues to be important. In the last part of the paper, we set forth the latest changes in Chinese housing policy. Since 2011, the central government has been striving toward a more comprehensive system of housing provision with the aim of making the housing market more inclusive (though not necessarily more equal). Finally, we express concern about an emerging though embedded source of housing inequality: the unequal distribution of family wealth.

**Keywords:** housing policy, housing inequality, market transition, China, *hukou* reform, social inclusion

## § 2.1 Introduction

The People's Republic of China was established in 1949 and has since undergone enormous institutional changes. From the radical communism and socialism of the Mao Zedong era to the more realistic Socialism with Chinese Characteristics (Qiu, 2000), the pronouncements and policies have been adjusted to address the mismatch between political ideals and economic realities, between policy goals and social responses. When the plan economy ran into difficulty, Deng Xiaoping, the communist leader in the late 1970s and 80s, initiated reforms to develop a market economy with Chinese Characteristics. In that vision, economic growth would get a boost from market forces and non-public organizations without undermining the legitimacy of socialist leadership.

Throughout this transition, China applied a gradual and incremental dual-track approach. Its dualism reflects the parallel existence of a new (i.e., market) and the old (i.e., plan) system. If the new track produced stronger growth, the old one would be phased out (Fan, 1994; Lau et al., 2000). China's housing reform took a dual-track approach too. The new track of commodity housing, in the form of home ownership, eventually replaced the old track of welfare housing (Figure 2.1, table 2.1).

The aim of this paper is to describe the relation between the urban housing system and social structure against the backdrop of transition in P.R. China. Our investigation is based on housing policy documents, data from secondary sources, and a review of previous research findings. The research question is,

*How has the provision of urban housing in China changed in the transition period in line with two institutional shifts (with regard to the role of the work units and the hukou registration), and how has this influenced housing opportunity?*

In the following sections, we first introduce two institutional elements of the Chinese housing system (the work unit and *hukou* registration) and explain their historical development. Then we outline the changes in housing policy and their impact on inequality in three periods prior to 2011. Over the course of time, the logic of housing policy has shifted from egalitarian redistribution to the stimulation of economic growth. In the last part, we analyze recent developments in housing policy. We tie these to the changes in the social-economic context that have precipitated them. Sketching the contours of a fourth period, we identify changes that seem to be making Chinese housing policy more inclusive. Finally, we draw attention to an emergent though embedded soalth.

|                                | Welfare period<br>(1949-1978) | Dual period<br>(1979-1998)                                                       | Market period<br>(1999-2010)                                                     | Comprehensive period<br>(2011-2016)                                                                          |
|--------------------------------|-------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Policy Goal                    | Socialist<br>Redistribution   | Reduce housing<br>shortage                                                       | Economic Growth                                                                  | Social Inclusion                                                                                             |
| Housing<br>Provider            | Work units                    | Work units<br>Real Estate Developers                                             | Real Estate Developers                                                           | Real Estate Developers<br>PRH enterprises                                                                    |
| Housing<br>Tenure<br>Provision | Welfare Housing               | Reformed Housing<br>Commercial housing<br>Economically<br>Comfortable<br>Housing | Commercial housing<br>Economically<br>Comfortable<br>Housing<br>Low-Rent Housing | Commercial housing<br>Economically<br>Comfortable<br>Housing<br>Low-Rent Housing<br>Public Rental<br>Housing |

FIGURE 2.1 Four periods of housing development in P.R. China

### § 2.1.1 Redistributive mechanisms and the role of the work units

The concept of non-market trade was introduced by the Polish Economist Polanyi to describe economic activities in Socialist Poland, where the exchange of goods was not subject to the free will of traders but to the orders of the authorities. Inspired by Polanyi, the Hungarian political economist Szelenyi coined the term ‘redistributive economy’ (Szelenyi, 1978), applying non-market socialist features to the activities of organizations devoted to the distribution of welfare goods. In a market economy, Szelenyi argued, ability in the labor market would determine the households’ access to welfare. Accordingly, inequalities in market economies are caused by differentials in market ability and mitigated by government intervention. In a redistributive economy, in contrast, access is determined by their position in the socialist redistributive system, or by their affinity to redistributive power. Thus, Szelenyi argues, in socialist societies there are ‘redistributive mechanisms’ in which the administrative allocation of scarce goods and services favors ‘redistributors’, e.g., socialist elites, over ‘immediate producers’, e.g., agrarian workers. Such mechanisms constitute the main source of

inequality in redistributive economies. In Hungary, the redistributive mechanism is manifest in housing allocation but also in the price of consumer goods and cash and non-cash allowances.

This argument is applicable to socialist China. The Chinese redistributive mechanism was built on a centralized *danwei* hierarchy that combined productive and administrative functions (see Womack, 1991; Francis, 1996; Perry, 1997). In this system, the planning department of the central government determined industries' inputs and their allocation of output. The department then distributed these resources and assigned production quota across various levels of *danwei* (work units). Since these units occupied different positions in the hierarchical system, their ability to acquire resources and provide welfare goods differed widely. Usually, the larger work units, the units higher in the administrative ranking, and crucially those in industrial sectors such as steel and machinery tended to have stronger 'redistributive power'. And employees of powerful units enjoyed better public services than others. As Perry (1997, p44) noted, the system "privileged a minority of the urban industrial work force at the expense of the majority."

In the socialist period, the work units provided housing, education, healthcare, and pensions; after retirement, one's pension was paid by the former work unit. Under the corporate reforms of the 1990s, which fell under the transition to a market economy, the units were stripped of their function of providing social services. That function was transferred to local government (Wu, 2002). The initial goal of the corporate governance reform was to relieve state-owned enterprises of their welfare burden so that these companies could compete in the market. In 1995 and 2002, the central government issued several decrees encouraging state-owned enterprises to get rid of their pension duty and divest themselves of affiliated organizations such as schools and hospitals (State Commission of Economy and Trade, 1995; State Commission of Economy and Trade et al., 2002). Schools were transferred to local educational bureaus; hospitals and other services were brought under dependent for-profit corporations. Pension duties were shifted to newly instated pension bureaus and managed locally by a 'street office' (*jiedao banchichu*). Housing had gone through a stage of retrenchment from its role in the provision of socialist welfare goods. That role was taken over by a system of market allocation in which real estate developers replaced work units as the main housing providers (Zhang, 2002).

## § 2.1.2 Market transition and household registration (*hukou*) reform

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Given China's long agricultural tradition, the government had never supported mobility. Throughout history, the rulers had always seen free movement as a seedbed of social, political, and economic upheaval. The policy of registering residents and forbidding migration dates back to 200 A.D. Then, in 1958, P.R. China launched the *hukou* system to connect residential registration with goods allocation (Perry, 1997; Wu & Treiman, 2004; Huang et al., 2013). By preventing rural-urban migration, the government could ensure that the limited amount of goods being produced would sustain the population of the cities. In that sense, the *hukou* system formed part of a strategy to support the development of modern industry by giving less priority to agriculture and promoting construction in urban areas.

A local urban *hukou* was a tool of redistribution and as such was required for access to commodities including food, clothing, housing, education, and all kinds of public services. After the market reform, the Pearl River Delta was the locus of an economic boom, and the government began to tolerate rural-urban migration to satisfy the demand for labor there (State Council, 1984). But without a local *hukou* and lacking skills, these migrant workers usually had low-paid temporary jobs. Governments and employers were reluctant to provide them with public services and welfare goods. Understandably, in the absence of secure employment and without access to public services, migrant workers maintained a limited lifestyle in the cities and brought back as much savings as they could to their rural home (Cheng & Selden, 1994; Chan & Zhang, 1999). They were called the 'floating population' (*liudong renkou*).

Although these migrants were encouraged to work in the cities, their access to housing was restricted. For the most part, they found accommodation at their workplace, in a slum, or in illegal construction on the outskirts (Wu, 2002; Wu, 2004; Jiang, 2006; Liu et al., 2013). More housing options appeared in the 1990s, along with the promotion of commodity housing. To that end, the 'blueprint *hukou*' was invented and issued to migrant homebuyers; with it, they could be treated more like local citizens, though not as their equals (State Council, 1998a; Wu, 2001, p1074; Jiang, 2006). Buying a house in the city became the best means of changing one's *hukou* status and improving one's position (Huang, 2015).

Not only had the migrants' contribution to prosperity in the cities been long ignored, but they were stigmatized as the cause of urban problems such as poor public hygiene and crime. Lately this stereotype has been fading and their presence is being addressed in policies (Wang, 2004; Bian, 2013). Scholars have emphasized their importance to prosperity, voicing the expectation that by improving their situation the migrants will

become stronger, more devoted citizens. Their increased purchasing power is said to eventually benefit the Chinese economy. This especially applies to recent times in which the Chinese economy went into a so-called new normal stage (National Academy Administration, 2014). In this stage, the conventional drivers of economic growth such as manufacturing and exportation are stagnating and China's economy is becoming increasingly dependent on domestic demand, including the demand exerted by migrant workers.

In response, the central government decided to 'fully open' the possibility to transfer one's *hukou* to small townships and cities but to be more cautious about allowing open access in big cities (State Council, 2014a). Ultimately, the government would seek to unify rural and urban *hukou* registration under one 'residential registration' and then build a database on it to support other welfare reforms. Thereby, public education, employment, healthcare, pensions, and housing, among other benefits, would gradually cover all regular residents. This reform was expected to help about a hundred million people, including rural immigrants, settle in townships and cities. By October 2015, 24 of 31 provinces had published their intentions and plans to carry out this reform (People.cn, 2015).

The next section describes the housing policy of P.R. China from 1949 to 2011 in three time periods. For each period, the tenure structure and the changes in housing policy are examined, giving particular attention to the relevance of work units and *hukou* in housing allocation and the impact of policies on housing inequality.

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## § 2.2 From redistribution to growth

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### § 2.2.1 1949-1978: the establishment of a redistributive system

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#### Transition in structure of housing tenure

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The predominant tenure in this period was welfare housing, which comprised rental dwellings provided by the municipality or work units for a token rent. The public rental housing sector increased from about 48% to 72% between 1949 and 1994 (Huang, 2004; see Table 2.1) through nationalization of the stock and new construction

(Wang, 1995; Zhang, 1997). In the same period, the proportion of private ownership decreased from around 35% to 25%, whereas the share of private renting shrank from 17% to 3% (Huang, 2004).

TABLE 2.1 Tenure distribution<sup>1</sup> from 1949 to 2011, percentage

|       |                        | 1949 | 1978 <sup>2</sup> | 1996 <sup>3</sup> | 2000 <sup>4</sup> | 2011 <sup>5</sup> |
|-------|------------------------|------|-------------------|-------------------|-------------------|-------------------|
| Rent  | Public                 | 48   | 72                | 45.7              | 28                | 3.4               |
|       | Private                | 17   | 3                 |                   |                   | 13.7              |
| Own   | Heritage or self-build | 35   | 25                |                   |                   | 23.1              |
|       | Reformed housing       | -    | -                 | 46.6              | 72                | 15.8              |
|       | Subsidized housing     | -    | -                 |                   |                   | 7.0               |
|       | Commodity housing      | -    | -                 |                   |                   | 29.6              |
| Free  |                        | -    | -                 | 4.1               | -                 | 4.5               |
| Other |                        | -    | -                 | 3.5               | -                 | 2.9               |

- 1 We have tried to provide a historical overview of the tenure distribution. However, this is very hard due to lack of consistent data. We cite several sources in order to be as comprehensive as possible. Readers also need to bear in mind that the tenure distribution varies across cities. The general principle is that the homeownership rate is higher in small cities (Huang & Clark, 2002, p16) and in cities where the public sector is less predominant (Li, 2000).
- 2 The data from 1949 to 1978 comes from 'The State and Life Chances in Urban China' conducted in 1994. The sampling includes 2,478 respondents from 20 cities from 6 provinces and capital cities. Households who started their housing career before 1949, and those who bought their first home before taking their first job were excluded from the database (cited from Huang, 2004).
- 3 The data for 1996 comes from 'Life Histories and Social Change in Contemporary China' conducted in 1996. It is a national survey using a multistage probability sampling (cited from Huang & Clark, 2002).
- 4 The data for 2000 comes from the Fifth Census, which covers 10% of the residents (cited from Bian & Liu 2005).
- 5 The data for 2011 comes from the Chinese Household Finance Survey 2011 and calculations by the authors. The data is available in <http://www.chfsdata.org/>.

Under this system, housing allocation was aligned with the political commitment to socialism and people's 'contribution' to the planning economy. That integrated system ensured the maximum exposure of people to the ideal of collective living (*jiti shenghuo*) and helped educate citizens to be socialists. By the end of the 1950s, most big cities had managed to keep the rent-to-income ratio under 10% (Zhang, 1997). And to keep housing affordable, urban planners designed multi-story dormitories in which several families would have their own bedroom but share a kitchen and bathroom.

## Policy goals and instruments

Work units and local government allocated dwellings by means of waiting lists, using a ranking system in which points were assigned to indicate one's contribution to society. When a housing complex had been completed (or planned), the employee at the top

of the list would have first choice of a dwelling, then the next worker and so on. The parameters for calculating one's contribution to society included how many years the employee had served in a work unit, his or her administrative rank, CPC membership, political status, household size, and current living conditions (Wang, 1995; Zhang, 1997; Wang & Murie, 2000). Consider an example from 1955. In Xi'an, the capital of Shaanxi province, housing allocation by the provincial authority was based on the administrative rank of the household head. If that rank was equivalent to a provincial governor, a family could be allocated a maximum of 60-95m<sup>2</sup>; the families of those whose rank equaled that of a department chief could be allocated 46-68m<sup>2</sup> at most; and ordinary workers were allocated a maximum of 5m<sup>2</sup> (Wang, 1995, p66).

### Impact on housing inequality

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Two dimensions of inequity can be distinguished in this traditional welfare system: vertical and horizontal (Logan et al., 1999; Zhao & Bourassa, 2003). Vertical inequity refers to the differences within the work units and between different administrative ranks, as in the example of Xi'an above. Horizontal inequity refers to the difference among work units in terms of economic power (industry, size, and profitability) and administrative rank (at the national, provincial, municipal, or collective level) (Zhao & Bourassa, 2003). Usually, state-owned work units were more prestigious than collectively owned or private ones. Actually, state-owned enterprises were given the highest priority in the provision of land, capital, and housing (Zhang, 1997, p449).

## § 2.2.2 1979-1998: gradual reform and dual provision

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### Transition in structure of housing tenure

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At a national administrative conference in 1978, housing provision was given priority, prompting the decision to initiate a housing reform. The aim was to solve the housing shortage and reduce government expenses at the same time. Work units and individuals were encouraged to invest more in urban housing. Moreover, in-kind housing provision was replaced by a policy of monetary distribution (State Council, 1978).

From the start of the housing reform in 1978 till its termination in 1998, housing was mainly provided under two models: reformed housing (*fanggai fang*, or privatized housing) and commodity housing (*shang pin fang*). Reformed housing consisted

of dwellings that had been developed by work units or governments and sold to households, usually at a subsidized price. Commodity housing consisted of dwellings built on leased urban construction land by real estate developers and sold on the open market at market prices. During this period, the share of the home ownership sector increased from a quarter to almost half of the stock (Table 2.1).

### Policy goals and instruments

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Both reformed and commodity housing started out as pilot projects. The first one was carried out in the late 1970s and second in the early 1980s; both projects then became a nationwide effort in 1988. In the public sector, stock was sold to sitting tenants initially at the market price and later at a subsidized price. Work units were also allowed to construct housing -- or buy new dwellings from private developers if they had no land or capacity to do it themselves -- to sell to workers with subsidy.

In 1988, a constitutional amendment made a privatized economy lawful, thereby allowing land-use transfer. From then on, for-profit development of commodity housing on urban land was both permitted and encouraged. A series of policies promoted the supply and consumption of commodity housing. On the supply side, the practice of for-profit land-leasing quickly became an important source of income for local governments and was the target of preferential policies. Moreover, the option of pre-sale was introduced, allowing developers to sell dwellings before completion. This practice enabled them to use the buyers' money to build housing, thereby extending the scope of housing provision substantially (State Council, 1994). A Housing Provident Fund (HPF) was launched, consisting of compulsory contributions by both work units and workers. Funds were initially allocated to housing construction and later to housing consumption.

On the demand side, purchasing power was strengthened by directing the HPF to homebuyers and opening up the mortgage market. Participants in the HPF (mainly workers in the formal public sector) could withdraw money from their personal accounts or take out loans at a low interest rate when purchasing homes. Four State-owned commercial banks were allowed to originate mortgages for all kinds of lenders, and later on emerging private commercial banks were also included in this business. Limitations on loan amounts and maximum loan periods were relaxed, and down payments were no longer required (State Council, 1998b).

The 1994 housing reform introduced another type of tenure, called Economic Comfortable Housing (ECH, *jingji shiyong fang*, which some scholars translate as Economic Affordable Housing). ECH was expected to cover at least 20% of the housing

provision (State Council, 1994). But since it was not profitable enough, neither local governments nor developers felt any incentive to take action in this tenure, and its provision dropped below 10% in the next period (Barth et al., 2012).

### Impact on housing inequality

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Overall housing quality improved substantially for urban households in terms of floor space and facilities. From 1979 to 1998, the average living area per capita in urban China increased from 3.6 m<sup>2</sup> to 13.6 m<sup>2</sup> (NSB, 1999). At the same time, the inequality of housing distribution increased, especially between workers in different sectors and work units. During the welfare period, the housing differences among various work units had been partly mitigated by taking extra resources from big and rich work units to support small and poor ones. When the reform was terminated, such redistributive measures stopped too. Enjoying a monopolistic position in the market, the richer work units had a stronger capacity to provide adequate housing at a lower cost (Zhao & Bourassa, 2003).

The position of the employees differed in two respects. First of all, only workers in powerful and profit-making work units had access to subsidized reformed housing (Huang & Clark, 2002; Sato, 2006). The policies to strengthen affordability only benefited urban workers with a local *hukou*, especially those in powerful work units (Zhou & Logan, 1996). Secondly, the cost structure of reformed housing and commodity housing is very different. The average price of commodity housing on the open market is about five times that of reformed housing; rents in the public sector are on average one-fifth of those in the private rental market (Logan et al., 2010).

During this period, much of the work unit stock had not yet been privatized. Since the inhabitants of this stock occupied stable rental housing and expected reform in the future, they had no incentive to buy. Therefore, households in better-off work units actually had a rather low rate of home ownership (Li, 2000; Ho & Kwong, 2002; He et al., 2012; Huang & Clark, 2002; Mao, 2014). But by the time the period of housing reform was over and their housing was finally privatized, households in better-off work units would have gained more capital (calculated by the current value of their dwelling minus the purchase costs) than households in other work units (Li, 2009).

The dual-track provision of urban housing has resulted in a dual housing market. Employees in powerful work units benefited from the strong subsidy on reformed housing provision, while the rest of the population had been forced into costly market housing. With this dual system, a different degree of affinity to redistributive power resulted in a substantial difference in accessibility and cost of assets. Persons who had

been privileged in the original socialist system maintained their privileges through the reformed system of housing allocation.

### § 2.2.3 1999-2010: the market-dominant period and market regulation

#### Transition in structure of housing tenure

From 1998 on, the central government had forbidden work units to provide reformed housing to their employees; nonetheless, they continued to do so, albeit at a smaller scale in the early 2000s (State Council, 1998b). As China entered a market-dominant period of housing provision, the development of commodity housing was seen as a pillar of economic growth (State Council, 2003). The proportion of investment flowing into commodity housing increased from 50% in the late 1990s to about 85% after 2005. The proportion of affordable housing, mainly Economic Comfortable Housing (ECH), dropped from 17% in 1999 to 2% in 2011 (Barth et al., 2012).

In terms of the tenure structure, the proportion of owner occupation rose to 75.5 in 2011 (Table 2.1). By then, 29.7% of the population had bought their home in commodity housing, 15.9% in reformed housing, and 7.1% in subsidized housing such as ECH. The rental sector accounts for 17.2% of the stock: of this share, 3.4% is rented in the public sector and 13.8% from private owners.

#### Policy goals and instruments

The authorities faced a difficult choice in this period: whether to sustain economic growth and keep the real estate industry prosperous, or to curb house price inflation and improve affordability. After 2006, in reaction to criticism that untargeted supply-side regulation harmed ordinary households by putting pressure on affordability, the central government developed targeted and sophisticated measures. It tried to strike a balance between economic growth and affordability, as reflected in the three-pronged approach to housing policy in this period.

The first aim was to regulate the housing provision process. Issues related to the construction boom -- such as ecological damage, illegal land use, and relocation conflicts -- drew attention nationwide. In the early 21st century, the central government began to regulate the land and real estate markets. Procedures were

formalized and standardized to make them more transparent and ultimately to prevent illegal transactions and corruption.

The second one was to adjust the provision structure so that ordinary commodity housing would not be outpaced by luxury commodity housing. Policies were drafted to secure land provision for ordinary commodity housing and subsidized affordable housing. The land for ordinary commodity housing (with less than 90m<sup>2</sup> of floor space) was supposed to take up at least 70% of the total provision of residential land (MHURD et al., 2006; State Council, 2011).

The third one comprises purchase limitations and stricter mortgage regulations. From 2006 on, a 30% down payment was required for mortgage loans. Since then, the requirements for mortgage loans have been tightened further and interest rates keep rising. There were also restrictions related to the number of other properties a prospective buyer could already own. These measures reflect a more precisely targeted attempt to deleverage speculators. This regulatory effort went as far as adopting a purchase and mortgage loan prohibition in 2010, whereby prospective buyers who do not possess a local *hukou*, pay no tax, or do not participate in a social security fund are forbidden to buy (MHURD et al., 2006; State Council, 2011). Restrictions such as these do weed out the speculators. But at the same time they exclude many people who are in need of housing and who are even at a disadvantage in the local housing market; that is, the policy is detrimental to immigrant workers.

These regulations were not applied consistently, however. The central government tends to restrict housing transactions and tighten the provision of land and finance when a bubble is believed to exist. Such restrictions are then relaxed when signs of economic stagnation appear, as they did in 1997 and 2008 (Barth et al., 2012).

### Impact on housing inequality

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While the average living area per capita increased from 13.6m<sup>2</sup> to 32.7m<sup>2</sup> between 1999 and 2011 (NSB, 2013), housing inequality increased too. This was caused by the dual provision of reformed and commodity housing as well as by house price inflation (Huang & Li, 2014; Fang, 2014; Yi & Huang, 2014). Reformed housing provision offered privileged households a shortcut to home ownership at relatively low cost (Li, 2009; He et al, 2012). Their advantage was further enhanced by the inflation of house prices.

Meanwhile, a new trend had emerged. During the welfare and dual periods, the main criteria for dwelling allocation had been related to variables indicating the 'affinity' to redistributive power such as membership of the CCP, work unit category, and cadre

rank (Zhang, 1997). After the housing reform, despite the persistence of redistributive processes (Chen, 2011; Chen, 2012; Li and Li, 2006; Deng et al., 2016), market-oriented factors such as education, occupation, and total household income began to have an impact (Chen, 2011; Logan et al., 2009; Luo, 2013; Huang et al., 2013; Huang & Jiang, 2009; Pan, 2003; Yi & Huang, 2014). Research shows that different institutional elements followed different paths in the reform. (Huang & Jiang, 2009; Chen, 2015).

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## § 2.3 2011 onward: the advent of social inclusion?

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### § 2.3.1 Social inclusion and the 'new normal'

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Back at the beginning of the reform in the late 1970s, the chief reformer, President Deng Xiao Ping, stated that the goal of the reform is to let one group of people get rich first, then they will help the rest and reach prosperity together. Well into the 21st century, there is no doubt that one group of Chinese people has become rich already. The question remains, how to reach prosperity together. Under the pressure of economic growth, appeals for social development can hardly compete with economic goals. But in the mid-2000s, the communist party proclaimed its intention to establish a 'harmonious society'. One of its goals was to 'equalize basic public service', including education, social security, housing, and culture. In 2012 the state council drew up a plan for achieving that goal, so that "all citizens can equally access basic public service in general equal terms. The core is equal opportunity rather than simply averaging and undifferentiation" (State Council, 2012). After many years of double-digit growth since the start of the economic reform, the growth in Gross Domestic Product dropped below 8.0% after 2012 and below 7.0% in 2015 (World Bank). President Xi Jinping, who took office in 2012, called the situation the 'new normal' and proposed to adjust economic and social policies accordingly. Under the new normal, China will not continue its rapid growth but will face adjustments in the industrial structure. The policy emphases will shift to services, innovation, reduced inequality, and environmental sustainability (National Academy Administration, 2014). Policy under the new normal seeks to facilitate the growth of unconventional industries and consumption by middle- and lower-income households and rural migrants to replace conventional 'growth drivers', which are declining.

### § 2.3.2 Housing challenges under the new normal

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Under the new normal, the housing market is confronted with an increasing amount of unsold stock and stagnating prices. Unlike 1998 and 2008, when the economic downturn in China was mainly the result of the global economic crisis, the housing market stagnation in 2014 was mainly due to domestic conditions: weak demand, affordability problems, difficulty profiting from conventional industries like manufacturing and exporting, and demographic changes. From 2011 on, housing consumption by first-time buyers ceased to dominate the market. New entrants were outpaced by households who already owned housing (to trade up or hold for investment). Increased housing need (among a new cohort of grown-up immigrant workers, and among residents displaced by demolition) accounts for only one-third of current demand, and most of the new home-seekers have difficulty affording to buy (Gan et al., 2013).

### § 2.3.3 A comprehensive housing approach

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Housing provision in this period shifted toward a comprehensive approach in which both home ownership and public rental housing were made available to different groups of consumers (Deng et al., 2011). This shift went hand in hand with two institutional changes: *hukou* reform and real property registration. Together these reforms would make taxation of speculative investment in housing properties technically possible. These two fundamental changes were envisaged as empowering rural immigrants to compete on more equal footing with their local peers in the urban market.

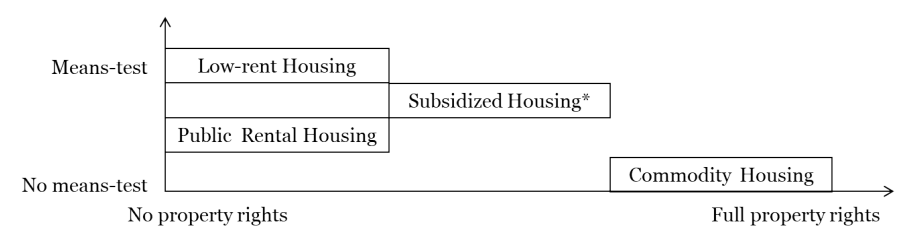
#### Housing subsidy: from owner-occupation to renting

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The focus of large-scale housing schemes turned away from subsidized home ownership, represented by Economic Comfortable Housing, toward rental housing. There were two reasons to expand the public rental sector. On the one hand, a home of one's own had become unaffordable, even at a discount, to low-income households. On the other hand, the potential for profiting from home ownership attracted illegal acquisition practices and corruption (China.cn, 2011).

Subsidized rental schemes fall under two headings: Low-Rent Housing (LRH, *lian zhu fang*, which some scholars translate as Cheap-Rent Housing); and Public Rental

Housing (PRH, *gong gong zhu ling fang*). The Low-Rent Housing scheme, which was started nationwide in 2003, targeted the lowest-income households with a local urban *hukou*. Public Rental Housing, which was started in 2010, puts lower requirements on tenant eligibility and therefore receives less subsidy (Figure 2.2). From 2014, local governments were required to harmonize the LRH and PRH schemes, which had different levels of rent subsidy (based on income of the households and affordability criteria). And they were also encouraged to set up transparent procedures for allocation, such as a queue or lottery (MHURD et al., 2013).



**FIGURE 2.2** Characteristics of current housing tenures in urban China  
*This table describes the general condition of housing tenure in China; a slight difference, sometimes significant, exists among cities.*  
*\* Subsidized Housing has conditional property rights such as not allowing resale within five years and imposing a supplementary land fee upon resale. The category includes reformed housing, ECH, compensation housing for expropriation, etc., depending on local legislation.*

As envisioned by the central government, PRH schemes should also cover the housing needs of migrant workers (General Office of State Council, 2013). Some municipalities did indeed abolish the requirement of a local *hukou* (Wang & Li, 2011). Nonetheless, to meet the eligibility criteria, migrants still need proof of, among other things, stable employment, a certain number of years of residence, and/or a certain number of years of social security payments.

**Housing subsidy: from bricks to people**

In an inquiry held in Congress in 2011, the Minister of Housing and Construction laid out a plan and timeline for shifting housing subsidy from bricks to people by the end of 2015 (China.cn, 2011). The current approach of constructing affordable housing with government subsidy would be phased out. All sources of vacancy, ranging from unsold commodity housing to sold but unoccupied privately owned housing, should be tackled. For instance, empty dwellings should be included in the pool and then made affordable to tenants by means of rent subsidy. This approach started as a pilot

in 2016 in the provinces of Neimenggu and Fujian (MHURD, 2016). It has also been decided to revise the HPF regulation. The new version would make the contribution of private employers more rigid and allow account-holders to withdraw funds to pay their rent (MHURD, 2015). Previously, poor participation among private employers led to unequal benefits for employees in the public versus the private sector. And a consequence of the policy to allow only homebuyers to make withdrawals from an HPF account was that renters, who usually have more difficulty affording housing, can contribute to the HPF but cannot benefit from it.

### From purchase prohibition to tax differentiation

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The policy to prohibit purchase and impose a higher mortgage interest rate on buyers who do not possess a local *hukou*, envisioned as a means to regulate speculation in the 2010s, was harshly criticized for ‘distorting’ the market. The minister explained that this policy was enacted as a temporary expedient measure and would be abolished as soon as the real estate registration system was in place. Establishing such a registration system was difficult ‘beyond expectations’. The main challenges were to include information on all family members and figures for other relevant administrative measures such as taxation (China.cn, 2011).

Once the registration system is in place, it will make taxation on extra housing or vacant dwellings technically possible. In turn, the new system would discourage speculation and thereby promote provision to legitimate homebuyers. China started to charge real estate tax on some luxury and non-primary dwellings in 2011. That was the first time since the establishment of P.R. China that ownership of residential property had been taxed. Like other housing policies, the real estate tax reform started with pilot schemes, this one in Shanghai and Chongqing. Shanghai charged a fixed rate on a second home for owners with a local *hukou* and on any home for owners without one. Chongqing imposed progressive tax rates on owners of newly purchased luxurious dwellings, as well as on owners of a second home who did not have local *hukou* papers.

The central government affirmed that China will “accelerate real estate tax legislation” with the goals of “improving the local tax system” and “increasing the proportion of direct tax” (Third Plenary Session of the Eleventh Central Committee of the CPC, 2013). The government hopes to achieve a sustainable revenue by replacing the one-off land leasing fees with real estate taxes, which will be renewable every year.

## Real estate registration

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The *Provisional Regulation of Real Estate Registration* (State Council, 2014b) confirms rural (and other) citizens' property rights on farmland, construction land, forests and grassland, and constructions and structures. Such a formal confirmation will help rural citizens turn their rural property into liquid assets and participate in economic activities according to market principles. If these reforms in the taxation and registration systems are successfully implemented, rural and urban citizens will be able to compete more fully and equally in the market, on both the production and consumption sides. Such an information system would also provide the technical basis for nationwide taxation on real property.

### § 2.3.4 Inclusive but not equal?

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In the dual and market periods (1978-2010), the housing disadvantages of rural immigrants were mainly due to institutional barriers, which obstructed their access to formal housing and better jobs (Wu, 2002; Wu, 2004; Jiang, 2006). For people having no access to subsidized housing but faced with the higher price of commodity housing, a local *hukou* status then became an effective predictor of better housing outcomes (Chen, 2012; Huang & Jiang, 2009), especially among young people (Deng et al., 2016).

After *hukou* reform, having a local *hukou* turned out to be irrelevant to people seeking to attain home ownership in the less-developed municipalities. It is still significant in more-developed municipalities, though, since the housing purchase entitlements are higher there (Huang et al., 2013). Even holding a *hukou* registration in close proximity (for example, in the same province but a different municipality) gives them a better chance of entering the home ownership sector (Huang et al., 2013; Deng et al., 2016). An alternative explanation of the differences in access for first-time buyers lies in the degree to which locals and immigrants can count on financial support from family (Cui et al., 2016).

This policy thrust has ushered in a new trend toward housing opportunity. After this wave of reform, housing allocation might be less dependent on institutional factors. Accordingly, rural migrants and local residents might have equal access to the urban housing market, as envisioned in the basic public service plan. But the difference in wealth between the new residents and the original families (Wang, 2013) might still block a group of citizens from *equal* outcomes in living conditions, even if they have

similar incomes from labor market participation. And a large part of such a difference in household wealth comes from the different amount of housing benefit that families receive from the reform of housing privatization rules (Li, 2009; Gan et al., 2013), since a big chunk of family wealth goes toward housing (Gan et al., 2013).

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## § 2.4 Conclusions

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The starting point for the development of the housing system that P.R. China has embarked on was a redistributive system in the welfare period (1949-1978). In contrast to its egalitarian ambitions, a redistributive system tends to favor 'redistributors' (socialist elites) rather than direct 'producers' such as peasants and ordinary workers (Szelenyi, 1978). Instead of the capability to pay, a redistributive mechanism determined which urban households would have access to housing. Redistributive variables such as political loyalty (CPC membership) and organizational affiliation (work unit status) were strongly associated with households' housing outcomes (Zhang, 1997; Logan et al., 1999; Zhao & Bourassa, 2003; Sato, 2006).

According to Nee's market transition theory, the transformation from a redistributive to a market economy would mitigate systemic inequality (Nee, 1989). However, the gradualism and dual-track approach that marked the transition would lead to economic distortion and market segregation (Young, 2000). In the dual period (1979-1998), housing was provided by both work units and the market, each imposing its own cost structure and property rights. Reformed housing -- that is, subsidized home ownership in dwellings provided by work units or the State -- was only accessible to those who were privileged in the traditional socialist system. Less-privileged citizens and migrants had to purchase commodity housing at the market price. Thus, the housing market was segregated along the lines of social status (Pan, 2003).

Even when China moved into the post-reform era and the main housing provider was the market, distortions from the past were still manifest in the segregation and differentiation of society (Chen, 2015). The gap between privileged and non-privileged urban households widened with the inflation of property prices (1999-2011). Privileged households have seen their wealth increase substantially, whereas non-privileged households face serious accessibility and affordability problems. With market regulation policies that prohibit purchase by non-local buyers or charge them higher prices, *not* having a local *hukou* puts immigrants in an inferior market position.

After 2011, the central government pursued the goal of social inclusion under its new normal economy in view of declining export revenue and the urgency of boosting the domestic market. Housing provision moved into a comprehensive period (2011-2015) in which public rental housing would develop alongside commodity housing. The rental market would be further developed by allowing the Housing Provident Fund to offer a rent subsidy to low-income households. The *hukou* reform and the real estate registration system together provide the technical grounds for a nationwide taxation on extra housing properties. On the other hand, these policies would make rural residents more active players by bestowing on them the opportunity to turn their property in rural areas into liquid assets.

When the inferior market position attached to newcomers' *hukou* status has been repaired, and when rural residents can treat their properties in the countryside as financial resources, as their urban peers do with their properties in cities, the urban housing market would become more inclusive. By constraining the opportunities for housing speculation by local elites who do not necessarily have a higher income but do possess more political and social capital, more stock would become available to households who really need it for habitation. Housing policy in China still gives priority to housing consumption and economic growth. Within that frame, the rising consumption of housing by immigrants, rather than solely by local residents and speculators, could make the housing market in urban China more inclusive.

A more *inclusive* market in this period does not mean that immigrants are completely integrated in the housing subsidy schemes and other local welfare arrangements at no cost to themselves. Nor does it mean that everybody in this market could afford to buy a home or would be covered by housing support schemes. It does, however, mean that immigrants can compete with locals on more equal footing. They might be able to achieve a similar living standard, provided they pay a similar, or at least not too much higher, price as their local peers.

Of course, an *inclusive* housing market is not necessarily an *equal* one. Assuming that China has established a 'fair' housing market in which every consumer has the same access to housing according to their ability to pay and regardless of their institutional status. This does not mean that the outcomes of urban housing market in China will become equal. As private ownership and family wealth become increasingly common, real estate will constitute a new source of inequality in post-socialist China. Not only will direct intergenerational transfer of wealth, as discussed in the previous section, affect the young cohort's chances of accessing better housing, but higher consumption in the areas of health and education will affect the next generation's life chances in general (Wang, 2013), as it does in many western market economies. Those forms of consumption are strongly embedded in economic activity and are harder to modify

by state policy. Whether the emerging tools of governance, notably *unified residential registration* and *real estate registration*, can effectively deal with such a challenge remains uncertain.

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### 3 The Changing Determinants of Homeownership amongst Young People in Urban China

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#### Abstract

This article examines the determinants of home ownership among young people in China. More specifically, it aims to shed light on the shifting importance of the state (through 'redistributive power') and the ability of young people to compete in housing markets ('market ability') after more than three decades of market transition. Through an analysis of data from the China General Social Survey, the paper quantifies the impacts of four types of determinant on young people's access to homeownership: political affiliation, organizational affiliation, territorial affiliation, and market ability. Results show that a redistributive power (through territorial, political and organizational affiliation) still influences access to housing, mainly in the form of territorial affiliation (hukou registration). Higher market ability does not contribute to homeownership but is related to independent living. The paper points to three housing policy priorities to improve young people's housing opportunities: reduce inequalities resulting from unequal access to homeownership, improve options for young migrants, and improve conditions in the rented sector.

**Keywords:** homeownership, China, young people, hukou, market transition

#### § 3.1 Introduction

There is a distinctive difference between market economy countries and Socialist countries in the determinants of housing opportunity. In market economies, variables such as education, occupation, income and accessibility to loans are crucial factors for

obtaining good quality housing and/or accessing homeownership (in most Western countries good quality housing is equal to homeownership). In Socialist countries, however, the probability of getting good quality housing depends on households' 'affinity' to the, as described by Szelenyi, 'redistribution power' (Zhou & Logan, 1996; Zhang, 1997; Logan et al, 1999; Zhao & Bourassa, 2003). Szelenyi argues that social inequalities in Socialist countries are basically created and structured by 'redistributive mechanisms' in which state collected surplus is redistributed according to centrally defined goals, regardless of the value of the goods. The influence of these redistributive mechanisms is not reflected in salaried income but rather in welfare provisions such as housing, access to higher education, access to good health care and pension plans, and subsidies for certain commodities (Szelenyi, 1978). Thus, the main mechanism of stratification is 'bound up with access to and control over redistributive institutions: mainly the party and state bureaucracies.' (Nee, 1996, p943).

During China's transition from a redistributive economy to a market economy, both variables about redistributive power and ability in the market are relevant in urban housing access. In China, small private entrepreneurs and self-employed workers generally obtain upward mobility by purchasing owner-occupied housing on the 'open market' (Li, 2000; Li & Li, 2006; Luo, 2013; Yi & Huang, 2014). On the other hand, people who are close to the 'redistribution power', mainly the Communist Party of China (hereafter CPC) members and state or government employees, have mostly maintained and improved their status by purchasing owner-occupied housing from their work-unit with a generous subsidy (Sato, 2006; Logan, Fang & Zhang, 2009; 2010).

In market economies, the housing tenure of offspring to a large extent mimics the housing tenure type of their parents due to intergenerational transfers and intergenerational transmission of socio-economic characteristics (Helderman, 2007). In China, one unique mechanism that should be added to this picture is the legacy of housing reform. Families which were privileged in the socialist era were allocated rental welfare housing which was later on transformed into reformed home ownership housing that could be acquired at a very low price. The equity gained by these households will influence their ability to help their children acquiring home ownership.

Understanding who gets access to homeownership and how is particularly important in contemporary China, given homeownership is generally the only way to secure stable accommodation. Moreover, since homeownership in early adulthood is strongly related to a series of demographic transitions such as leaving home, marriage and childbirth (Yu & Xie, 2013), it has a crucial influence on the further life chances of young people. Focusing on young people's access to homeownership not only requires an analysis of levels of independent homeownership but also of their experiences of living with home-owning parents in joint or dependent home ownership. Globally, there is increasing

evidence of young people living longer with their parents (Cobb-Clark, 2008; Berrington, Stone & Falkingham, 2009; Clapham, Mackie, Orford, Thomas, & Buckey, (2014)), or obtaining homeownership with parental help (Engelhardt & Mayer, 1998; Kurz, 2004). Young adults are experiencing 'extended' transitions to adulthood, which involves delayed timing and de-standardization in leaving home, partnership and parenthood (Ford, Rugg & Burrow, 2002; Berrington et al., 2009; Billari & Liefbroer, 2010).

China, unlike the Western world but similar to other Asian countries, has a tradition of married adults cohabiting with parents or parents-in-law. Even though this tradition is eroding along with the modernization process, it is still quite common. In 1982, 49.7% of married couples were living with parents, usually the husband's parents (Pan et al, 1997). For the period 1993 to 2000, the China Health and Nutrition Survey showed that the percentage of married women aged 15 to 52 year old and cohabitating with parents (-in-law) has declined from 37.3% to 35.3% (Yang, 2008).

Intergenerational cohabitation can influence Chinese society in two opposite ways. On the one hand, living with home-owning parents can serve as a desirable housing solution for young people, by providing stable, and most of the time free, accommodation in their vulnerable early adulthood. Also, it will probably result in future homeownership for the young people concerned by means of inheritance. On the other hand, cohabitation reinforces the reliance of young adults on their parents. Consequently, it may be harmful to the social and labour market mobility of the young generation.

This paper applies a logistic regression analysis in order to identify the determinants of young Chinese people's homeownership, thereby making a distinction between independent home ownership and dependent home ownership (living with home owning parents). Previous research about homeownership determinants in China has mainly focused on the urban population as a whole, either at the national (Logan et al., 2009; Yi & Huang, 2014) or municipal level (Chen, 2011; 2012). Other researchers focused on low-income groups (Huang, 2012) or migrants of all ages (Wang & Zuo, 1999; Wu, 2002; 2004; Wang, Wang & Wu, 2010; Li, 2012; Huang, Dijst, van Weesep & Zou, 2013). However, research on homeownership that specifically focuses on young people is limited. Moreover, the available research on this topic is mainly in Chinese and merely uses descriptive analysis (Ouyang, 2011; Zhang, 2011) and correlation analysis (Zhang, 2009). Research using logistic regression models to identify influential determinants of young people's homeownership is rare (Zhu, 2012). Also, there is no research available that divides homeownership into independent homeowners and dependent homeowners. This paper attempts to fill this gap.

In the following section we will firstly introduce our conceptual framework of ‘housing opportunity patterns’ and review the relevant literature. An explanation about the data and methods we use will follow. We then present the results of the logistic regression analysis and the paper ends with some conclusions and a discussion of the policy implications of our research.

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## § 3.2 Changing housing policy in China: exploring the drivers of housing opportunities for young people

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Previous research has identified four periods in modern Chinese housing policy (Deng, Hoekstra, & Elsinga, 2014): a welfare period (1949-1978), a dual period (1979-1998), a market period (1999-2011), and a comprehensive period (after 2011). In this Section of the paper we briefly examine the key determinants of access to housing in each period. We conclude the section by identifying four housing opportunity patterns which reflect the changing influence of ‘redistributive’ variables and ‘market’ variables over time.

### § 3.2.1 The historical development of Chinese housing policy

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Modern housing policy in P. R. China started with a welfare period (1949-1978) in which subsidized rental housing, so-called welfare housing, dominated the housing provision. This housing was funded by a central fund, developed by municipalities or work units<sup>3</sup>, and let to workers against a nominal rent. Housing allocation in the welfare period favoured the ‘redistributors’, the socialist elites, rather than the direct ‘producers’; ordinary workers and peasantry. In this period, variables indicating

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Work units can be seen as employment organizations. The main difference between work units and ‘normal’ employers is that work units have an administrative and welfare function. After the market reform, this administrative and welfare function was usually transferred to local authorities. An exception to this are government departments and state-owned enterprises.

political affiliation, such as CPC membership and cadre status<sup>4</sup>, had a strong impact on households' housing opportunities (Zhang, 1997; Logan et al., 1999; Li & Li, 2006; Sato, 2006).

From the early 1980s, China started a series of housing reforms which aimed to diminish the in-kind rental housing provision from the state and the work-units, and to promote market allocation of homeownership provided by commercial developers. However, this reform took a gradual approach and for a long period of time there was a so-called dual provision system. Therefore, in the dual period (1979-1998), dwellings were either provided by the work units (e.g. reformed housing) or by the market (e.g. commodity housing). Work units increasingly sold their housing stock at reduced prices to sitting tenants. A large number of workers became independent homeowners for much lower costs than the costs for those who bought a dwelling on the free market. Organizational affiliation, mainly to rich and powerful work units, was the key to access subsidized reformed housing. Thus, during the dual period organizational affiliation, such as the type (government or enterprises), sector (private, collective, foreign or joint, and state) and size (number of employees) of the work units, played an increasing role as a determinant of housing access (Francis, 1996; Zhou & Logan, 1996; Li, 2000; Zhao & Bourassa, 2003; Logan et al., 2009; 2010; Chen, 2011; 2012).

When the provision of reformed housing was officially stopped in 1998, China moved to the market period (1999-2010). Housing speculation and soaring house prices became a serious problem in this period. Market regulation policies against housing purchases by non-local residents took place as a means of preventing housing speculation and improving affordability. Local hukou registration<sup>5</sup> was used as an indicator of locality. The hukou system influences housing access and housing quality in several ways. Firstly, the formal labour market is only accessible for residents who have a local hukou. Consequently, migrants usually work in informal and temporary jobs with relatively low wages, which makes it harder for them to afford homeownership. Secondly, because of their temporary status and limited welfare rights, migrants without a local hukou are often reluctant to invest much in housing (Jiang, 2006). Also in the field of housing policy, local and immigrant residents, as indicated by their hukou status, are treated differently (Wang & Zuo, 1999; Wu, 2002,

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4 The term cadre status was introduced in the planning economy and is still in use in contemporary China. It categorizes labour market participants into three categories: peasant, worker, and cadre. People with cadre status have privileges in terms of political rights, job opportunities, benefits and subsidies.

5 A hukou is a status in the household registration system in China. It registers families as residents of a particular urban or rural area. Access to local welfare services such as public schools, health care benefits and public housing usually requires an urban hukou registration.

2004; Jiang, 2006; Logan et al., 2009; Zheng, Long, Fan & Gu, 2009; Wang et al., 2010). Firstly, housing subsidies and low-cost housing schemes are only available to local households. Secondly, as a means to prevent speculation, down payment requirements and interest rates for mortgage loans are higher for immigrants.

Only after 2011, the central government began to acknowledge the housing rights of immigrants and started to loosen the hukou requirements for commodity housing purchase and eligibility for Public Rental Housing. In principle, access to housing in the comprehensive period (after 2011) would mainly be decided by a households' ability to compete in the market. Indeed, as the transition process progresses, variables indicating households' market ability, such as self-employment and higher income, started to emerge as important determinants of homeownership (Chen & Gao, 1993; Logan et al, 1999; Li, 2000; Pan, 2003; Huang & Clark, 2002; Sato, 2006; Logan et. al., 2009; Chen, 2011; Huang et al, 2013; Luo, 2013; Yi & Huang, 2014). However, since the beginning of market transition (after the 1980s) the impact of income on home ownership is ambiguous. In some research, a positive correlation is found between income and homeownership (Chen, 2011; Huang et al., 2013; Luo, 2013), whereas in other research income is statistically irrelevant as a determinant of homeownership (Ho & Kwong, 2002). Huang & Clark found a curvilinear correlation between income and homeownership, in which both lower income groups and higher income groups had fewer homeowners (Huang & Clark, 2002). As suggested by Sato (2006), meritocracy and political credentialism work differently as determinants of housing inequality: meritocracy is influential in the business sector while political credentialism is influential in non-business sectors.

### § 3.2.2 Four housing opportunity patterns

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Based on our analysis of changing housing policy in China, we have distinguished four so-called housing opportunity patterns (see FIGURE 2.1). Due to the complexity of the housing allocation process, the gradual nature of the Chinese transition process and the asynchrony of housing policies in different cities, these patterns strongly overlap with each other. The influence of the four aspects may coexist but the intensity of each aspect varies according to time, local economic structure and the vision of the local government. For example, the opportunity pattern of "political affiliation" is more dominant in Beijing compared to Guangzhou. This is because Beijing possesses many state government departments and state-owned enterprises and has experienced a relatively slow process of monetary reform (Li, 2000). It is the aim of this paper to

assess to what extent each of the four housing opportunity patterns influence the rate of home ownership among young people in contemporary urban China.

§ 3.3 Data and methods

The data used in this paper come from the China General Social Survey database for the year 2010 (CGSS 2010). The CGSS 2010 survey is conducted by 25 Chinese universities and research institutes and coordinated by Renmin University. It uses multistage probability sampling and covers all provinces. On the city level, it covers 100 counties/districts and 5 metropolitan areas including Beijing, Shanghai, Tianjin, Guangzhou and Shenzhen. On the neighbourhood level, it randomly chooses 4 neighbourhoods in each county/district. In the 5 metropolitan areas, it chooses 80 neighbourhoods. In each neighbourhood 25 households are selected. In this paper, we only look at people who are living in urban areas, aged from 18 to 35, and not in full-time education<sup>6</sup>. This sample included 1773 cases of which 1500 cases had effective information about housing tenure.

Among the 1500 cases, 17 cases have shared homeownership between interviewee and parents or children, and 1483 cases only have one generation as homeowners: in 580 cases the home is owned by the young people, in 565 cases by the parents, and 3 cases by the children<sup>7</sup>. In total, 335 cases have no homeowners in their households. Throughout our analysis we refer to independent homeowners in the following cases: young people who own a home themselves, young people who share ownership, and instances where children own the property. Young people living in a home that is owned by their parents are referred to as dependent homeowners. All other young people are described as non-homeowners (Table 3.1).

6 Students in tertiary education are usually accommodated in collective student dormitories provided by education institutes. Therefore, they are not active in the 'formal' housing market.

7 As a measure to show generous family support and to avoid juridical and administrations costs, Chinese households sometimes put another family member's name as the owner(s) instead of the person who is paying.

TABLE 3.1 Housing tenure distribution of young Chinese people

| HOUSING TENURE |                              | N.   | CODE AS                | %     |
|----------------|------------------------------|------|------------------------|-------|
| Owners         | interviewee+parents/children | 17   | Independent homeowners | 40.0% |
|                | interviewee                  | 580  |                        |       |
|                | children                     | 3    |                        |       |
|                | parents                      | 565  | Dependent homeowners   | 37.7% |
| Non-owners     |                              | 335  | Not homeowners         | 22.3% |
| Missing        |                              | 273  |                        |       |
| Total          |                              | 1773 | Total N.               | 1500  |

Data source: CGSS2010U\_18-35

Our selection of explanatory variables (Table 3.2) is based on our conceptual framework of four housing opportunity patterns. We initially considered 21 independent variables and grouped them into 5 categories: demographic variables and four housing opportunity pattern variables. The demographic variables are related to the life course: age category, marriage status, and parenthood. Political affiliation variables include political involvement (indicated by political party membership) and cadre status. Organizational affiliation variables include work unit type, work unit sector, and work unit size. Territorial affiliation variables include: the type of hukou registration, the site of hukou registration, and the existence of a hukou transfer. Market ability variables are the level of education, employment status, personal income and household income. In our research, we not only consider the characteristics of the young people themselves but also the political and organizational affiliation variables of their parents, in order to assess if redistributive power mechanisms are passed on from one generation to another. Additionally, we choose the higher status between husband and wife, and between father and mother for reasons of accuracy and consistency. The descriptive statistics of the explanatory variables are presented in Table 3.3.

TABLE 3.2 Definition of explanatory variables

| VARIABLES                         | DEFINITION                                                                                 |
|-----------------------------------|--------------------------------------------------------------------------------------------|
| <b>Demographic</b>                |                                                                                            |
| age categories                    | age categories                                                                             |
| marriage                          | marriage status                                                                            |
| parenthood                        | parenthood status                                                                          |
| <b>Political affiliation</b>      |                                                                                            |
| political involvement             | most powerful political party status between husband and wife                              |
| cadre status                      | most powerful cadre status between husband and wife (                                      |
| political involvement of parents  | most powerful political party status between father and mother when the interviewee was 14 |
| cadre status of parents           | most powerful cadre status between father and mother when the interviewee was 14           |
| <b>Organizational affiliation</b> |                                                                                            |
| work unit type                    | most powerful workunit type between husband and wife                                       |
| work unit sector                  | most powerful workunit sector between husband and wife                                     |
| work unit size                    | the workunit size of the interviewee (number of employees)                                 |
| work unit type of parents         | most powerful workunit type between father and mother when the interviewee was 14          |
| work unit sector of parents       | most powerful workunit sector between father and mother when the interviewee was 14        |
| <b>Territorial affiliation</b>    |                                                                                            |
| hukou type                        | the highest hukou type status between husband and wife                                     |
| hukou site                        | Migration movements since original hukou registration                                      |
| hukou transfer                    | hukou transfer status                                                                      |
| <b>Market ability</b>             |                                                                                            |
| education level                   | the highest education level between husband and wife                                       |
| employment status                 | the highest employment status between husband and wife                                     |
| household annual income           | Household annual income by category                                                        |
| personal annual income            | personal annual income by category                                                         |
| education level of parents        | the highest education level between father and mother when the interviewee was 14          |
| employment status of parents      | the highest employment status between father and mother when the interviewee was 14        |

TABLE 3.3 Frequencies of homeownership by explanatory variables

| VARIABLES AND CATEGORIES         |                                   | Not homeowners |     | Dependent homeowners |     | Independent homeowners |     | Missing value |
|----------------------------------|-----------------------------------|----------------|-----|----------------------|-----|------------------------|-----|---------------|
|                                  |                                   | N.             | %   | N.                   | %   | N.                     | %   | N.            |
| Demographic                      |                                   |                |     |                      |     |                        |     |               |
| age_category                     | 18 to 25                          | 116            | 35% | 238                  | 42% | 65                     | 11% |               |
|                                  | 26 to 36                          | 219            | 65% | 327                  | 58% | 535                    | 89% |               |
| Marriage                         | Not in marriage                   | 140            | 42% | 278                  | 49% | 76                     | 13% | 2             |
|                                  | In marriage                       | 195            | 58% | 285                  | 50% | 524                    | 87% |               |
| parenthood                       | Not in parenthood                 | 172            | 51% | 337                  | 60% | 153                    | 26% |               |
|                                  | In parenthood                     | 163            | 49% | 228                  | 40% | 447                    | 75% |               |
| Political affiliation            |                                   |                |     |                      |     |                        |     |               |
| political involvement            | has no political party membership | 280            | 84% | 496                  | 88% | 431                    | 72% |               |
|                                  | has political party membership    | 55             | 16% | 69                   | 12% | 169                    | 28% |               |
| cadre status                     | has no cadre status               | 319            | 95% | 541                  | 96% | 533                    | 89% |               |
|                                  | has cadre status                  | 16             | 5%  | 24                   | 4%  | 67                     | 11% |               |
| political involvement of parents | has no political party membership | 276            | 82% | 415                  | 73% | 406                    | 68% |               |
|                                  | has political party membership    | 59             | 18% | 150                  | 27% | 194                    | 32% |               |
| cadre status of parents          | has no cadre status               | 318            | 95% | 504                  | 89% | 529                    | 88% |               |
|                                  | has cadre status                  | 17             | 5%  | 61                   | 11% | 71                     | 12% |               |
| Organizational affiliation       |                                   |                |     |                      |     |                        |     |               |
| work unit type                   | no workunit                       | 216            | 65% | 373                  | 67% | 247                    | 41% | 10            |
|                                  | enterprise                        | 79             | 24% | 136                  | 24% | 211                    | 35% |               |
|                                  | government                        | 38             | 11% | 49                   | 9%  | 141                    | 24% |               |
| work unit sector                 | no workunit                       | 83             | 27% | 200                  | 38% | 185                    | 33% | 120           |
|                                  | private and collective            | 143            | 47% | 194                  | 37% | 159                    | 29% |               |
|                                  | foreign or joint                  | 36             | 12% | 70                   | 13% | 144                    | 26% |               |
|                                  | state                             | 40             | 13% | 61                   | 12% | 65                     | 12% |               |
| work unit size                   | 0                                 | 121            | 36% | 229                  | 41% | 187                    | 31% | *             |
|                                  | 1-50                              | 108            | 32% | 167                  | 30% | 178                    | 30% |               |
|                                  | <50                               | 106            | 32% | 169                  | 30% | 235                    | 39% |               |
| work unit type of parents        | no workunit                       | 191            | 58% | 216                  | 39% | 258                    | 44% | 37            |
|                                  | enterprise                        | 76             | 23% | 167                  | 30% | 152                    | 26% |               |
|                                  | government                        | 61             | 19% | 169                  | 31% | 176                    | 30% |               |
| work unit sector of parents      | no workunit                       | 167            | 55% | 238                  | 46% | 271                    | 48% | 117           |
|                                  | private and collective            | 64             | 21% | 89                   | 17% | 76                     | 14% |               |
|                                  | foreign or joint                  | 50             | 17% | 139                  | 27% | 154                    | 28% |               |
|                                  | state                             | 22             | 7%  | 55                   | 11% | 58                     | 10% |               |

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TABLE 3.3 Frequencies of homeownership by explanatory variables

| VARIABLES AND CATEGORIES     |                               | Not homeowners |     | Dependent homeowners |     | Independent homeowners |     | Missing value |
|------------------------------|-------------------------------|----------------|-----|----------------------|-----|------------------------|-----|---------------|
|                              |                               | N.             | %   | N.                   | %   | N.                     | %   | N.            |
| Territorial affiliation      |                               |                |     |                      |     |                        |     |               |
| hukou type                   | rural                         | 125            | 37% | 107                  | 19% | 119                    | 20% |               |
|                              | urban                         | 210            | 63% | 458                  | 81% | 481                    | 80% |               |
| hukou site                   | Inter-municipality migrants   | 153            | 47% | 42                   | 7%  | 94                     | 16% | 6             |
|                              | Intra-municipality migrants   | 75             | 23% | 124                  | 22% | 142                    | 24% |               |
|                              | Local                         | 98             | 30% | 399                  | 71% | 359                    | 60% |               |
| hukou transfer               | born as urban or local        | 50             | 15% | 270                  | 48% | 159                    | 27% |               |
|                              | remain as rural or non-local  | 175            | 52% | 154                  | 27% | 181                    | 30% |               |
|                              | transferred to urban or local | 110            | 33% | 141                  | 25% | 260                    | 43% |               |
| Market ability               |                               |                |     |                      |     |                        |     |               |
| education level              | elementary education          | 109            | 33% | 138                  | 24% | 151                    | 25% | 1             |
|                              | secondary education           | 86             | 26% | 189                  | 34% | 124                    | 21% |               |
|                              | higher education              | 140            | 42% | 237                  | 42% | 325                    | 54% |               |
| employment status            | no formal employment          | 37             | 11% | 137                  | 24% | 47                     | 8%  |               |
|                              | formal employment             | 206            | 61% | 330                  | 58% | 377                    | 63% |               |
|                              | employer or self-employment   | 92             | 27% | 98                   | 17% | 176                    | 29% |               |
| household annual income (¥)  | 0-15630                       | 40             | 15% | 62                   | 13% | 54                     | 10% | 237           |
|                              | 15631-26054                   | 51             | 19% | 100                  | 21% | 77                     | 15% |               |
|                              | 26055-40000                   | 51             | 19% | 108                  | 23% | 95                     | 18% |               |
|                              | 40001-70000                   | 54             | 20% | 106                  | 22% | 137                    | 26% |               |
|                              | 67001-600000                  | 77             | 28% | 97                   | 21% | 154                    | 30% |               |
| personal annual income (¥)   | 0-2500                        | 34             | 13% | 81                   | 18% | 53                     | 11% | 275           |
|                              | 2501-9999                     | 50             | 19% | 114                  | 25% | 87                     | 17% |               |
|                              | 10000-18000                   | 32             | 12% | 84                   | 18% | 60                     | 12% |               |
|                              | 18001-30000                   | 66             | 25% | 97                   | 21% | 145                    | 29% |               |
|                              | 30001-6000000                 | 84             | 32% | 80                   | 18% | 158                    | 31% |               |
| education level of parents   | elementary education          | 223            | 67% | 317                  | 56% | 383                    | 64% | 10            |
|                              | secondary education           | 88             | 27% | 185                  | 33% | 154                    | 26% |               |
|                              | higher education              | 20             | 6%  | 61                   | 11% | 59                     | 10% |               |
| employment status of parents | no formal employment          | 178            | 53% | 190                  | 34% | 276                    | 46% |               |
|                              | formal employment             | 104            | 31% | 287                  | 51% | 274                    | 46% |               |
|                              | employer or self-employment   | 53             | 16% | 88                   | 16% | 50                     | 8%  |               |

\* 502 cases are missing, or 'not applicable'. Since the question is 'How many employees your workunit has?' We assume these cases have no workunit therefore code it as '0'.

To clearly distinguish between non-homeowners, independent homeowners and dependent homeowners, and to study the determinants of these three different groups, we have built three models with different dependent variables. In model A, we compare non-homeowners with independent home owners. In model B, we compare non-homeowners with dependent homeowners. Finally, in model C, we compare dependent homeowners with independent homeowners. We firstly included 21 independent variables (see table 2) in our three basic models, then we used a backward-elimination-by-hand approach. In each step, the variable with the highest non-significant p-value was omitted from the analysis. This process was repeated until only statistically significant predictors, at least in one model, remained. The backward-elimination-by-hand procedure resulted in a final model with 11 variables included. These 11 variables consist of 3 demographic variables (age category, marriage, and parenthood), 6 redistributive variables (work unit type of parents, political party membership of young people, political party membership of parents, hukou type, hukou site, and hukou transfer) and 2 market variables (employment status of young people and personal income).

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### § 3.4 Determinants of homeownership amongst young people in China

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The results of the three logistic regression models are shown in Table 3.4. The odds ratio reflects the changes in odds resulting from a unit change in the predictor. For example, an odds ratio of 4.2 for people who are in marriage in model A means that married people are 4.2 times more likely to be independent homeowners than people who are not married (reference category).

TABLE 3.4 Results of Logistic regression models

| VARIABLES AND CATEGORIES                                                        | A      | B       | C      |
|---------------------------------------------------------------------------------|--------|---------|--------|
| <b>Demographic</b>                                                              |        |         |        |
| <b>age group (ref=18 to 25)</b>                                                 |        |         |        |
| 26 to 36                                                                        | 1.2    | 0.4**   | 2.2*** |
| <b>marriage (ref=not in marriage)</b>                                           |        |         |        |
| In marriage                                                                     | 4.2*** | 2.1*    | 2.2**  |
| <b>parenthood (ref=has no children)</b>                                         |        |         |        |
| Has children                                                                    | 1.2    | 0.7     | 1.8**  |
| <b>Political affiliation</b>                                                    |        |         |        |
| <b>political involvement (ref=has no political party membership)</b>            |        |         |        |
| has political party membership                                                  | 1.1    | 0.6     | 1.9**  |
| <b>political involvement of parents (ref=has no political party membership)</b> |        |         |        |
| has political party membership                                                  | 2.0**  | 1.8*    | 1.1    |
| <b>Organizational affiliation</b>                                               |        |         |        |
| <b>work unit type of parents (ref=no work unit)</b>                             |        |         |        |
| enterprise                                                                      | 1.1    | 1.5     | 0.8    |
| government                                                                      | 1.6    | 2.1**   | 0.8    |
| <b>Territorial affiliation</b>                                                  |        |         |        |
| <b>hukou type (ref=agricultural)</b>                                            |        |         |        |
| non-agricultural                                                                | 1.5    | 2.8**   | 0.5**  |
| <b>hukou site (ref=inter-municipality migrants)</b>                             |        |         |        |
| intra-municipality migrants                                                     | 4.2*** | 6.0***  | 0.8    |
| local                                                                           | 7.2*** | 16.0*** | 0.5    |
| <b>hukou transfer (ref=born as urban or/and local)</b>                          |        |         |        |
| remain as rural or non-local                                                    | 1.4    | 1.2     | 1.0    |
| transferred as urban or/and local                                               | 0.9    | 0.5**   | 1.8**  |
| <b>Market ability</b>                                                           |        |         |        |
| <b>employment status (ref=no formal employment )</b>                            |        |         |        |
| formal employment                                                               | 0.9    | 0.5*    | 2.0**  |
| employer or self-employment                                                     | 0.7    | 0.3**   | 2.4**  |
| <b>personal income (ref=deviation)</b>                                          |        |         |        |
| 0-2500                                                                          | 0.7    | 1.1     | 0.8    |
| 2501-9999                                                                       | 0.8    | 1.1     | 0.7*   |
| 10000-18000                                                                     | 1.0    | 1.3     | 0.7    |
| 18001-30000                                                                     | 1.3    | 1.0     | 1.3*   |
| 30001-6000000                                                                   | 1.3    | 0.7*    | 1.7**  |

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TABLE 3.4 Results of Logistic regression models

| VARIABLES AND CATEGORIES | A         | B         | C         |
|--------------------------|-----------|-----------|-----------|
| Constant                 | 0.1***    | 0.3       | 0.3*      |
| N.                       | 741       | 698       | 933       |
| Percentage correct       | 65.9-74.9 | 63.8-78.6 | 52.3-71.1 |
| -2 Log pseudolikelihood  | 760       | 664       | 1037      |
| Nagelkerke. R2           | 0.314     | 0.412     | 0.318     |

\*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$

*Model A compares independent home owners versus non-homeowners.*

*Model B compares dependent home owners versus non-homeowners.*

*Model C compares independent home owners versus dependent homeowners.*

With regard to the demographic characteristics, it becomes clear that life courses are related to tenure choice, a finding which resonates with other research on this topic (Huang & Clark, 2002; Li & Li, 2006; Huang et al, 2013). Young Chinese people who are older, married, and have children are more likely to leave home and live as independent homeowners. Marriage has a statistically significant effect in all three models. Respondents who are married are two to four times more likely than single young people to be an independent or dependent homeowner. Age appears to have a negative effect in model B: people aged 26 to 35 are 2.5 times ( $1/0.4=2.5$ ) less likely than those aged 18-25 to be dependent homeowners (as opposed to non-homeowners). Both age and parenthood have a positive effect in model C. Respondents aged between 26 and 35 and respondents with children are about two times more likely to be independent homeowners (rather than dependent home owners) when compared to younger respondents or respondents without children.

The impact of political and organizational affiliation of the young people is generally weak compared to findings from research in the beginning of the housing reform in the 1990s (Zhou & Logan, 1996; Logan et al., 1999; Li, 2000; Ho & Kwong, 2002; Huang & Clark, 2002; Pan, 2003; Li & Li, 2006). Political affiliation is significant in all 3 models. However, in the models A and B it is the political involvement of the parents that plays a role, whereas in model C it is the political involvement of the young people. Young people whose parents have political party membership (mainly Communist Party of China) are approximately twice as likely to be either independent or dependent homeowners compared to young people whose parents do not have political party membership. Young people who themselves have political party membership are 1.9 times more likely to be independent homeowners (rather than dependent homeowners) when compared to young people who are not party members.

CPC membership as a factor of housing allocation was salient in the 1990s (Logan et al, 1999; Pan, 2003) but less important in research after 2000 (Chen, 2011; Huang et al, 2013). Our research suggests that the impact of CPC membership may not be ignored but affects young people's housing opportunities in a subtle way, for example through intergenerational inheritance of political or social capital. It may be that CPC members used the benefit they got from the old redistributive system to help their children with cash. It is also possible that the young people who are CPC members are more sensitive to new housing opportunities as a result of their experience in political interaction.

Organizational affiliation appears to have a similar influence as political affiliation. None of the variables relating to young people's work units features are relevant in our models, but work unit type of parents is statistically significant in model B. Young people whose parents work in government are 2.1 times more likely than other young people to become dependent homeowners (rather than non-homeowners). Thus, the impact of organizational affiliation works out differently than persistent CPC membership. Working in government can help parents to become homeowners and accommodate their children in a homeownership dwelling but hardly seems to provide extra resources which can help their children to become independent homeowners.

Territorial affiliation has now become the most salient factor among the three redistributive power variables. All three hukou-related variables<sup>8</sup> had significance in at least one of the final models. In terms of hukou type, young people who have an urban hukou are about 2.8 times more likely than those without an urban hukou to be dependent homeowners (rather than non-homeowners - model B). Interestingly, those with an agricultural hukou are 2.0 times ( $1/0.5=2$ ) more likely to be independent homeowners (rather than dependent homeowners - model C). This might be related to the dominance of the self-build sector amongst those with an agricultural hukou (Logan et al., 2009).

Hukou site is the variable which appears to make the biggest difference. Local young people and intra-municipality (short-distance) migrants were 7.2 and 4.2 times more likely than inter-municipality migrants to be independent homeowners (as opposed to non-homeowners - model A), and 16.0 and 6.0 times more likely to be dependent homeowners (as opposed to non-homeowners - model B). The larger odds ratio local young people have compared to intra-municipality migrants may shed light on

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Hukou type indicates the administratively registration status as an agricultural (rural) household or a non-agricultural (urban) household. Hukou site indicates the original location of the hukou registration, such as a certain street/village, district/county, municipality, and province. Hukou transfer indicates whether a person has transferred his/her original hukou registration from a rural/non-local one into an urban/local one.

factors other than the hukou barrier alone. If we only look at institutional barriers, there should not be a distinction between local and intra-municipality migrants since the hukou barrier only works against people without a hukou registration in the same municipality. An additional explanatory factor may be found in the ability of parents to provide help (Cui and Hooimeijer et al., 2014). Municipalities in China are big and, most of the time, migration within municipalities involves movements from less developed rural areas to more developed urban areas. Consequently, in the case of intra-urban migrants, the parents' wealth can often contribute less to the home purchase than in the case of local young people. .

Hukou transfer seems to be an effective predictor of independent living. Compared to those who were born with an urban and/or local hukou, young people who were born with a rural or non-local hukou but successfully transferred this into an urban and/or local hukou are about 2,0 ( $1/0.5=2$ ) times more likely to be non-homeowners (rather than dependent homeowners - model B) and 1.8 times more likely to be independent homeowners (as opposed to dependent homeowners - model C). Thus, they are living as renters (model B) or as independent home owners (model C).

Higher market ability<sup>9</sup> does not seem to influence independent home ownership (as opposed to non-home ownership, model A). However, a high market ability can prevent young people from depending on their home-owning parents. Compared to young people who have no formal employment, young people who have formal employment are 2.0 ( $1/0.5=2.0$ ) times less likely to be dependent homeowners (as opposed to non-homeowners - model B) and 2.0 times more likely to be independent home owners (as opposed to dependent homeowners – model C). Young people who are self-employed or employers are 3.3 ( $1/0.3=3.3$ ) times less likely to be dependent homeowners (as opposed to non-homeowners - model B) and 2.4 times more likely to be independent home owners (as opposed to dependent homeowners – model C). Young people who are in the higher income group are 1.4 ( $1/0.7=1.4$ ) times less likely to be dependent homeowners (as opposed to non-homeowners - model B) and 1.7 times more likely to be independent homeowners (compared to dependent homeownership, model C). Taken together these findings suggest that the decision of young households to leave their parental home (dependent home ownership) and to live independently as either a tenant (non-home owner, model A) or as an independent home owner (model C) is significantly influenced by their market ability.

This analysis has shown that after thirty years of market reform, 'redistributive power' still plays a major role in housing allocation, certainly in relation to the likelihood of ending up in independent homeownership. The redistributive power of organizational affiliation seems to have decreased but the influence of political affiliation (both of the young people themselves and their parents) still persists. Territorial affiliation, which was less important in Socialist times when there was relatively little migration, has become a new mechanism of housing allocation. Finally, it is remarkable that the market ability, which can be seen as an indication of young people's personal achievement, does play a role in the prediction of independent living, but less so in the prediction of independent home ownership (compared to non-homeownership).

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### § 3.5 Conclusion and policy implications

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In China, the policy attention given to young people's housing needs is rather limited. In part, this is due to traditional Chinese culture which believes young people should live with their parents rather than independently (Li and Shin, 2013). However, recent literature shows that both young people and their parents are increasingly expecting to live apart, although hopefully in close proximity (Pan et. al., 1997; Xie, 2010; Feng, 2011; Zhang, 2012). This study has shown that young people in China do not have equal access to housing options. Their housing opportunities are influenced by various factors, such as demographics, political affiliation, organizational affiliation, territorial affiliation and market ability. It is the role of housing policy to ensure all young people are able to access suitable housing in order to make a successful transition from youth to adulthood. However, current Chinese housing policy does not yet fulfill this role. With a view to improving this situation, we make three policy recommendations.

First, this paper has shown that access to homeownership is unequal and this has implications for social inequality. Housing assets in the form of an owned home can be transferred between generations. Because real estate property tends to gain value over time, home ownership helps to maintain and enhance social inequality between those who own and those who do not. Hence, homeownership can be viewed as an independent factor in the distribution of social inequality (Kurz & Blossfeld, 2004). Given this relationship between homeownership and social inequality, policy makers must take steps to ensure young people get better opportunities to access home ownership for example by lowering the down payment requirement or by introducing specific subsidies for young people who cannot take profit of intergenerational transfers. Alternatively, the state could intervene by ensuring that owning a

property does not increase inequality, for example by introducing inheritance and property taxes.

Second, we conclude that the redistributive power of the Socialist system still influences access to housing in China, although its influence has somewhat shifted from organizational and political affiliation to territorial affiliation. The increasing importance of territorial affiliation is consistent with the devolution of power to provincial and municipal authorities and the decreasing central state intervention in the production of housing. The affiliation to territories, currently indicated by hukou site registration, appears to be the primary determinant of access to housing amongst young people in contemporary China. It is vital to ensure the sustained involvement and contribution of young migrants in Chinese cities, both in terms of consumption and production. Hence one of the major housing policy challenges in China is to ensure young migrants have access to suitable housing. Policy makers must further examine the disadvantage faced by young migrants and develop housing options, across all tenures, which meet their needs.

The third challenge facing Chinese policy makers is the need to de-stigmatize the rental sector and improve its conditions (Jiang, 2006; Ouyang, 2011). Young people face multiple goals and challenges such as further education, career development, and family formation with which relocation might be involved. Only offering stable and decent housing in the owner-occupied sector may force Chinese young adults to rush into homeownership and to divert the limited financial resources from achieving goals relating to education, employment and family (Hu & Wu, 2010; Miao, 2010; Deng & Huang, 2011). In order to prevent this, the affordability and security of the rental sector should be improved. The provision of public rental housing should be extended and the public rental sector should be made more accessible to immigrants (Wang & Li, 2011). In addition to this, the private rental sector should be better regulated in order to make it more stable and desirable.

The combination of the current regulation and previous policy legacies puts two groups of young Chinese at a particular disadvantage: young people whose parents have not been allocated reformed housing during the housing reform (they have less equity accumulated to help their children buying a home) and young people who migrate from their natal home (their parents cannot help them with in-kind support of cohabitation). In our opinion, Chinese housing policy should particularly pay attention to these two groups of young people.

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## 4 Reciprocity in Intergenerational Transfer of Housing Assets: A case study in Chongqing, China

*Submitted to Housing, Theory and Society*

### Abstract

Worldwide, housing is increasingly unaffordable for young people, many of whom rely on intergenerational transfer of assets to enter home ownership. The explanation lies in two macro-structural shifts: the retrenchment of the welfare state and the rise of the home-owning society. A case study in Chongqing, China suggests an answer to the following research question: How does the expectation of reciprocity affect housing-asset intergenerational transfer (HIT) in contemporary China where the welfare system is not equally distributed among urban and rural residents? Data derived from 31 in-depth interviews with young adults and parents show that HIT is perceived as an exchange of financial support in the present for generalized support in the future. Families with a rural migration background, who tend to have less access to the public welfare system due to China's dual *hukou* system, are the most eager to invest in HIT and expect the most reciprocity.

**Keywords:** housing asset, home ownership, intergenerational transfer, reciprocity, Chinese families

### § 4.1 Introduction

As housing becomes unaffordable for young adults worldwide, they remain living with their parents longer or rely on parental help to live independently (Barrett et al. 2015; Berrington, Stone and Falkingham 2009; Billari and Liefbroer 2010; Cobb-Clark 2008; Calvert 2010; Druta and Ronald 2016; Ford, Rugg and Burrows 2002; Heath 2008, 2017; Heath and Calvert 2013; Hochstenbach and Boterman 2017; Manzo Druta and Ronald 2016; Toussaint et al. 2012; Spilerman and Wolff 2012). The roots

of prolonged parental assistance in housing lie in two macro-structural shifts: the retrenchment of the welfare state and the emergence of the home-owning society. In the 1980s, neo-liberalism swept through the developed world, leading many governments to desist from providing affordable homes and encourage self-reliance. Individual households have since sought ways to take care of themselves. For instance, they have taken up offers to purchase former social housing at a discount or newly constructed owner-occupation housing with tax relief (Doling and Ronald 2010). Home ownership quickly transformed into an unavoidable form of consumption for ‘everyman’ and a desirable investment for the rich (Ronald 2008). Understandably, the price of housing has rocketed, presenting new generations with a situation very different from the one their parents had faced. Parental involvement in meeting the needs of young adults’ housing is not uncommon in Eastern and Southern Europe (Druta and Ronald 2016; Manzo, Druta and Ronald 2016; Toussaint et al. 2012) and in Asia (Forrest and Izuhara 2012; Ikels 1993; Izuhara 2010; Lee and Xiao 1998; Li and Shin 2013). But even compared to its Asian neighbors, who share its family-oriented culture, China shows a high level of participation of parents in children’s home purchase (Zhong 2014); parents play an important role in their chance of becoming home owners (Deng, Hoekstra and Elsinga 2016). In the absence of national data, surveys in individual cities show that roughly one-half to two-thirds of young adults received parental help in attaining home ownership (Cui, Geertman and Hooimeijer 2016; Du and Huang 2014; Zhang 2011). While several qualitative studies of such intergenerational transfers have been carried out in Western countries (Beer and Faulkner 2009; Druta and Ronald 2016; Manzo Druta and Ronald 2016; Heath and Calvert 2013; Heath 2017), few (notably Fincher 2014; Zhong 2014; and Or 2017) have been conducted in the context of urban China. This paper aims to start filling this gap by exploring the role of reciprocity in housing-asset intergeneration transfer (HIT) against the backdrop of a limited welfare state and an emergent home-owning society. Utilizing qualitative data from in-depth interview in urban Chongqing, this paper seeks to explain how the expectation of reciprocity affects HIT in the context of China, where the welfare system is not equally distributed among urban and rural residents.

The following section outlines the conceptual framework, reviews salient research on intergenerational reciprocity, and sketches the Chinese context within which we position our study. Then the next section presents our research design. The subsequent section elaborates on the empirical results and provides narratives to underpin them. Finally, the paper concludes with a summary of the findings and a discussion of the implications of this research.

## § 4.2 Conceptual framework and literature review

### § 4.2.1 Housing, welfare state and intergenerational transfer

In recent decades, the trade-off between housing provision and a home ownership society has been scrutinized in research on housing and the welfare state (Kemeny 1980 2001; Castles and Ferrera 1996; Dewilde and Raeymaeckers 2008). Tax contributions to pension schemes and private spending on home ownership are “alternative means of life-cycle redistribution by which individuals guarantee their security in old age” (Castles and Ferrera 1996, 164; Doling and Elsinga 2013). Other things being equal, the more one pays for social security contributions, the less one can afford for house purchase and vice versa (Kemeny 2001). The dominant form of housing tenure available in the market determines how families pay their housing costs, and how their housing is paid for determines how much of the total household income can be allocated to other forms of expenditure. Renting spreads the costs of housing over the life course, while owner occupation concentrates them in the early stages. Given the need to save for a deposit, followed by the high cost of mortgage payments during the first decade or so of ownership, households are restricted to prioritize expenditures on non-housing items, including tax for social benefits (Kemeny 2001). And given the constraints on public budgets, the more states spend on subsidizing home purchases, the less they can afford to increase social expenditure and social housing (Fahey 2003; Conley and Gifford 2006)<sup>10</sup>.

There is also a trade-off between state and family as welfare providers (Jacobs 2000). The former resource relies on services purchased from professional institutions and paid by public funds, whereas the latter depends on help from individuals with no monetary compensation for the service (Blome, Keck and Alber 2009; Kohli 1999). Some scholars ascertain a “crowd-out” effect, whereby a generous pension and social security system would make the role of family support less salient. In countries where public pensions are more generous, the elderly tend to be independent of their offspring, at least financially (Attias-Donfut, Ogg and Wolff Barrett 2005; Albertini, Kohli and Vogel 2007; Brandt and Deindl 2013). On the other hand, in countries where public expenditure on social security is low, intergenerational support is more common

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In this paper, we focus on behaviour using parents’ financial transfers in children’s home purchase. Research into using family assistance for co-residence or in ways other than housing market purchase can be found in Davis 1993 and Forrest and Izuhara 2012.

(Doling and Elsinga 2013; Izuhara 2002; Zissimopoulos and Smith 2011). The “crowd-out” effect is rather subtle, however, since another body of literature also gives evidence of intensive time transfer and instrumental support from adult children in countries with generous pensions, hence a “crowd-in” effect (Attias-Donfut, Ogg and Wolff 2005; Sloan, Zhang and Wang 2002; Zissimopoulos 2001; Zissimopoulos and Smith 2011). Instead of a two-dimensional trade-off, Yuesheng Wang (2008) envisioned a spectrum of intergenerational relationships in response to different levels of public welfare access from rural to urban areas in China. There, an “adhesive relationship” refers to a unit of parents and adult children combining financial support, instrumental care, and emotional communication and entailing co-residence or proximity (Wang 2008, 20). This relationship, which still prevails in major rural communities, is indicative of inadequate social security. Conversely, a “loose relationship” is based on independent finance, whereby the adult children only provide care for their parents in case of disability, though it also entails emotional support. Finally, an “independent relationship” refers to a high degree of financial and living independence, whereby the support given by adult children is only emotional. In urban communities, where one’s social security has been established, a “loose relationship” is common though “independent relationships” are emerging there.

On the basis of the two trade-offs outlined above, we infer some possible outcomes of widespread intergenerational transfer in home ownership and the consequent phenomenon of reciprocity (see Figure 4.1). When operating under conditions of limited welfare provision, the outcome would be a “home ownership society” (Ronald 2008) as described by Kemeny (2001). In that scenario, individual families are forced to own a home as a source of equity and safety net. And since demand is rigid, house prices will rise or at least remain stable, making housing a very attractive investment, even for those who do not need accommodation. In general, a large lump sum is required as a mortgage down payment to enter home ownership. First-time buyers would have to seek financial help, most likely from family and close friends who would not ask for collateral and whose terms might be more flexible. It is not unusual for family and friends to pool resources to derive more benefit from the “never-falling” housing market. This model works best for parents and adult children, as the former have savings and the latter have future earning power. In societies with limited welfare state provisions, parents would also be motivated to help by the expectation of their children’s reciprocity in the future (Izuhara 2002, 2010; Horioka 2014).

Even when the parents are not rich, they might still be under pressure to engage in housing intergenerational transfer. According to Blau’s (1964,p104) “conditions of exchange,” the prevailing exchange rate in a society would put pressure on individuals to follow suit. Thus, in a society where most parents make transfers to their children in exchange for future care, housing transfer would turn into a socially accepted way

to become eligible for reciprocal services in care. Secondly, with the same amount of initial transfer, more reciprocity would be expected if a welfare state is not in place; but if it is, seniors can accumulate assets while most of their future expenses are covered. They may be willing to give the “extra” wealth to their children without expectation of future return (Cao 2006). If their own financial security is precarious, however, they will have greater expectations of return. And they will also arrange the transfer more strategically; for example, they could give funds to the child who is more likely to become the source of later support (Henretta et al. 1997; Izuhara 2002; Grundy 2005).

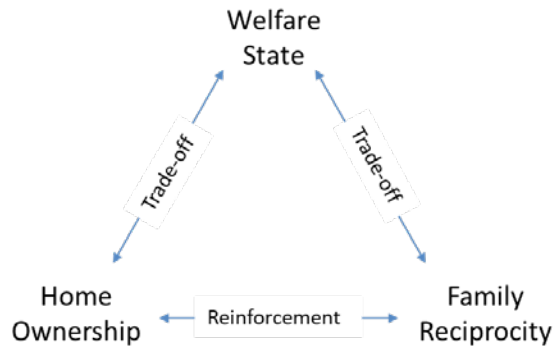


FIGURE 4.1 Conceptual framework of chapter 4

## § 4.2.2 Reciprocity in intergenerational transfer

The function of reciprocity has been studied by anthropologists, initially to explain interactions between human societies and later to explain interactions at the micro-scale. According to Gouldner (1960), “reciprocity” is grounded in the mutual exchange of goods and services; it obligates people to “help those who have helped them” and “not injure those who have helped them” (p171). The closer the relationship of the participants, the more “generalized” the reciprocity, which represents an indefinite reimbursement period, undefined equivalency of return, and low self-interest (Sahlins 1972). The relationship between parents and children, which is very close, is one in which long-term reciprocity would apply. In parenting, adults raise and nurture their offspring during childhood; in reciprocity, children provide care and support for their parents during old age (Finch and Mason 1993). Quantitative studies of long-term

reciprocity show that financial and time transfers in previous years contribute positively to the children's support for parents in old age (Koh and MacDonald 2006; Silverstein et al. 2002). This concept is highlighted in the doctrine formulated by Confucius on stability of society (Whyte 2003) and has been described as a "feedback" model of Chinese family life (Fei 1982).

However, recent studies demonstrate a greater influence of relatively short-term reciprocity involving transfers from parents to adult children (see for example, Silverstein et al. 2002). The significance of short-term reciprocity has been attributed to individualism and pressure on the younger generation in contemporary societies (Choi 2006; Ikels 2006; Yan 2009). Changes in tertiary education and the labor market require more investment in adult children and a prolonged dependence on parents (Arnett 2000). And parents' support during childhood is no longer sufficient to justify reciprocal support from their children, unless the parental support continues in early adulthood to lay the grounds for the children's economic independence. In Asian countries, it is an important strategy for parents to keep investing in adult children through transfers with an eye to securing later support. To that end, help with housing and grandchild care are among the most effective behaviors (Cheng 1998; Yan 2003; Croll 2006; Ikels 2006; Zhong 2014). In contemporary China, reciprocal exchanges between parents and adult children have been documented by Western observers, who describe this phenomenon as an "intergenerational contract" (Ikels 1993, 2006; Whyte 2003). That term suggests an exchange of equivalent rights and obligations between parents and adult children whereby failure to discharge one's obligations would nullify the rights to later support.

In the English-language literature, studies concerning the exchange between parents and adult children are organized under the rubric of Inter Vivos Transfer. A key issue is the underlying motivation: altruism (Becker 1991; Berry 2008) vs. reciprocity (Bernheim, Shleifer and Summers 1985; Norton and Van Houtven 2006). In reality, parents are more likely to be motivated by mixed considerations (Kohli and Künemund 2003). In this literature, the motive (altruism or reciprocity) for inter vivos transfer is not ascertained directly through self-reporting of parents but rather indirectly: who are the parents transferring assets to? Do parents transfer to children in need or instead transfer equally, which suggests an altruistic motive, or rather to the children who are most likely to provide care, suggesting a reciprocity motive? The focus of this paper is on the motives for inter vivos transfer of housing assets from parents to

adult children<sup>11</sup>. Considering the importance of reciprocity in the intergenerational relationship and in inter vivos transfer, we believe it is important to deal with this issue more directly, by looking at the self-reported motivations and considerations of both parents and children. In the next section, we will outline the context of contemporary China. Then we will explain why we think it is critical to deal with reciprocity in a more direct way, specifically by investigating how the perception of reciprocity affects people's decisions on whether or not to engage in housing intergenerational transfer.

### § 4.2.3 What is special about China?

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Here we argue that contemporary China is eminently suited as a setting in which to explore the interconnectedness among the welfare state, a home ownership society, and intergenerational transfer. We speculate that the acute conflict between the first two of these three elements makes intergenerational transfer in housing particularly necessary and generally welcome for Chinese families. To start with, the welfare state is not fully developed in China, and intergenerational reciprocity is a main form of welfare provision. Moreover, urban and rural China exhibit different patterns of welfare provision. Urban residents have at least a moderate level of pension and social protection, allowing them to maintain financial independence from their children. Their children, conversely, can hardly offer them adequate support in a 4-2-1 household structure, thanks to the one-child policy. Rural residents, in contrast, have almost no pension or formal social security. But they tend to have more offspring - birth-control policy was fairly loose in rural areas - who could presumably share the burden of care and serve as a reliable source of support.

Secondly, the rate of home ownership has grown at a dramatic pace in China, and housing prices have also increased much faster than in Western economies. In 1949, 65 percent of the urban dwellers were renting (48 percent in public rentals) whereas only 35 percent lived in self-built or inherited homes. The percentage in public rentals peaked at 72 percent in 1978, before the market reform (Huang 2004). After the reform kicked in, owner-occupation rose to 47 percent in 1996 (Huang and Clark 2002) and reached 76 percent in 2011 (Chinese Household Finance Survey 2011, calculated by the authors). On the other hand, national average housing prices in 2001

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In this paper, we focus on behaviour using parents' financial transfers in children's home purchase. Research into using family assistance for co-residence or in ways other than housing market purchase can be found in Davis 1993 and Forrest and Izuhara 2012.

were 10 times what they had been in 1991 and increased by another 2.5 times over the next 10 years. The ratio of average urban housing price for a 90-square-meter apartment to the income of a dual-income urban household rose from 5.5 in 1991 to 9.4 in 2015, with a peak of 15.4 in 1998 under the influence of the quantitative easing monetary policy instated to cope with the Asian financial crisis (data from National Statistics Bureau, calculated by the authors).

Third, the institutional connection between owner-occupation and the welfare allocation system in China actually makes home ownership a ticket into the public welfare system. Access is arranged through a household registration system known as the *hukou* administration. A *hukou* contains both household information (its members' biological data such as height, weight, name of father and mother) and geographical information. Because the record is linked to a residential location, it can be used in various government administrative procedures, including welfare provision. Since the *hukou* administration is managed locally, the welfare provision associated with a specific *hukou* location is largely dependent on the prosperity and generosity of the local authority where the household's *hukou* is registered. Thus, a person possessing an urban *hukou* has a better welfare provision than someone with a rural *hukou*; and a person possessing a *hukou* from an affluent region has better welfare provision than someone with a *hukou* from a deprived region. Most importantly, when a person or household moves -- from a rural to an urban area for better economic opportunities, for example -- the relocation of their *hukou* registration is constrained and does not move automatically. In the absence of a local *hukou* registration, rural immigrant workers in the cities are faced with various disadvantages<sup>12</sup>. The relocation of their *hukou* registration -- a prerequisite for access to welfare provisions -- often involves moving into a self-owned residential property (to meet one of many preconditions). Thus, immigrants living in the rental sector have no access to government administrative services and welfare services such as public schools, a social security allowance, and a pension<sup>13</sup>. And under China's current housing policy, which prioritizes owners' rights over tenants' rights, rental contracts with private landlords are prone to disruptions and rent increases. In this way, a housing provision biased toward owning and the connection between home ownership and *hukou* registration, as well as discrimination against non-local *hukou*-holders, together make home-

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12 For more research about the *hukou* system and its role in stratification, see Cheng and Selden 1994; Chan and Zhang 1999; Wang 2004,

13 For more information on how *hukou* status constrains immigrants' housing choices, see Wu 2002; Huang et al. 2014; and Wang and Otsuki 2015.

buying the stepping stone to welfare access and turn housing into an unavoidable consumption good for young generations in China.

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## § 4.3 Research design

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Chongqing has been the international trade and administrative center of Southwest China since the 19th century and was the capital from 1937 to 1944. The urban core, Yuzhong District, has been occupied by families established there for generations. They have been employed in the administrative, trade, and service sectors and lived in overcrowded privately owned homes. During the 1960s, Chongqing underwent rapid state-led industrial development. It has established itself as one of the heavy manufacturing centers of western China, with more recent settlers employed in state-owned factories. Since the commencement of economic reform in the 1970s/80s, many immigrant workers from nearby rural areas have arrived and found informal employment in the rapidly rising private sector. As one of the four cities controlled directly by the central state (along with Beijing, Shanghai, and Tianjin) and the only one in inland China since 1997, Chongqing's flourishing economy has attracted many immigrants with high educational qualifications from both rural and urban areas. In our study, we approached all three groups – locals, urban immigrants, and rural immigrants -- because the public welfare systems they have been enrolled in were different. The state workers enjoy the best public welfare benefits and receive state support for educational, career, and housing purposes. The established residents working in the private sector receive fewer resources from the state but can draw upon family resources accumulated over generations. And the new immigrants, those arriving after the economic reform, tend to have little state support (often because they don't possess a local urban *hukou*) and their earning ability varies according to their educational qualifications.

The fieldwork was conducted in the metropolitan area, consisting of nine districts with an area of approximately 500 km<sup>2</sup> and a population of eight million (2010, sixth census). The data was collected in November and December of 2015<sup>14</sup> and 31 participants were interviewed with the help of a structuring guide. An information

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Pilot interviews were conducted with participants living in another city, using a similar research method. Of these pilot interviews, one is included in this article due to its relevance and quality. This research participant is listed as case 00. See Appendix 1.

table was used at the beginning of an interview to compile basic information: 1) the demographic and socio-economic status of each member of the extended family; 2) the respondent's housing history from birth, including the time period, location, dwelling type, dwelling size, affordability, tenure situation, and living arrangement for each period of occupation; 3) the payment structure of the first and current (if they are not the same) dwelling, i.e. identifying who pays what percentage of the total value, differentiating between parents and children. The semi-structured interviews also addressed three topics: 1) reasons for each move and satisfaction with each period of occupation; 2) the process of home purchase, particularly who initiated the purchase and how the payment arrangement was negotiated and settled; and 3) the perception of intergenerational transfers, both within the own family setting and in general terms. These interviews lasted from 45 to 75 minutes, depending on the complexity of the story, and were conducted either in Mandarin or the local dialect. Immediately afterward, the interviewer wrote up a short summary of the participants' opinions and relevant non-verbal impressions. All interviews, except two<sup>15</sup>, were recorded and subsequently coded using Atlas.ti 7.0. The participants were given numbers so that they can remain anonymous, and quotations from their responses have been translated from Chinese into English.

The participants were selected by a purposive sampling method on the principle of maximum diversity. First, we targeted and categorized three groups of young people: locals, urban immigrants (who had moved from one urban area to another), and rural immigrants (who had moved from the countryside to the city) (see Appendix 1). Second, within each group we recruited a sample displaying maximum diversity in terms of age, sex, occupation, education, income level, life course, housing and living arrangements (e.g., living independently or with parents; having renting experience or not), and intergenerational transfer experience (e.g., did or did not receive intergenerational transfer; asked/did not ask for intergenerational transfer). In a few cases, both partners of the couple were present and they were registered as one case. Parental participants were recruited along the same lines. We recruited parents with a range of experiences in their own situation, their children's, and with regard to equity transfers (i.e., transferred, not transferred, or not transferred but planning to do so in the future). A minority of the parental participants were parents of the young adult participants and they were interviewed separately (see Appendix 2). Each case number represents an independent interview. Participants were approached through

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Case 05 refused to be recorded and the recording of Case 14 failed due to a problem with the equipment. The analysis of these two cases was done on the basis of interview notes. Detailed written notes were taken during the interview of Case 05. For Case 14, some important questions had to be answered again. For this purpose we used WeChat, a social media app that enables voice messaging.

snowballing, starting with personal contacts. This method was used because the topic of this research is both private and sensitive; moreover, recruiting from a pool of acquaintances helps build trust.

We kept on recruiting research participants in these three groups with an eye to variety in other respects until information saturation was reached. At that point, information from participants started repeating itself, and no new themes pertinent to our research questions came to the fore, even when new participants with a different background were recruited. In total, 22 young adults aged from 24 to 41 and nine parents aged from 49 to 60 were interviewed. Eleven of the 22 young participants had received an intergenerational transfer from their parents. Of the nine parents that were interviewed, six had provided an intergenerational transfer to their children (see Table 4.1 and 4.2 for a summary of the research participants and appendix 1 and 2 for more details).

TABLE 4.1 Summary of participating young adults

|                  | MALE | FEMALE | COUPLE | TOTAL | N. TRANS-FERS RECEIVED |
|------------------|------|--------|--------|-------|------------------------|
| Local urban      | 4    | 2      | 2      | 8     | 5                      |
| Urban immigrants | 3    | 2      | 1      | 6     | 3                      |
| Rural immigrants | 4    | 2      | 2      | 8     | 3                      |

TABLE 4.2 Summary of participating parents

|            | TOTAL | N. TRANSFERS PROVIDED |
|------------|-------|-----------------------|
| Local      | 6     | 3                     |
| Immigrants | 3     | 3                     |

#### § 4.4 Results: narratives of parents and children

This section provides narrative evidence of the operation of housing intergenerational transfer in Chongqing, the motivations and possibilities for it, and the reciprocity it entails. We present narratives from the parents first as in most cases the transfer is

initiated by the parents. The next section presents narratives from the adult children in response.

#### § 4.4.1 Narratives collected from parents

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In general, Chinese parents tend to view their equity transfer to adult children for the acquisition of home ownership as an 'advanced inheritance'. They believe their wealth will eventually belong to their children anyway, and their children will be more thankful if they give this wealth to them when they most need it. In some cases, the parents directly put their children's name on the title, even if they have provided (most of) the financing for the dwelling. In doing so, they arrange the bequest in advance and thereby avoid incurring any costs, notably inheritance taxes and administrative fees, that might arise in the future.

*"We only have one child. Our assets will be his sooner or later. Why wait to give it to him after our death? He won't be happy that way." (Case P3, female, 54, housewife)*

*"My wife and I will pass away in the future. If we transfer the ownership in the future, there will be more cost." (Case P5, male, 61, retired as a worker)*

As Gouldner (1960, p171) suggested, the "norm of reciprocity" is in fact not "unconditional." And "the resources of the donor" should be taken into account when evaluating the conditions for gift giving and the obligations of repaying. "Whether parents are responsible to help in their children's home" is conditional upon the parents' financial ability. Parents are believed to be responsible if they "have the ability." "Having the ability" usually means having a good income and assets that are substantial enough to help with at least a share of the mortgage down payment. Many parents make such estimates on the basis of their actual income (this especially applies to state employees, whose wages are fixed), but some parents would even factor in their possibilities to earn more. On the other hand, whether children bear an obligation to support their parents in old age -- to reciprocate for the housing transfer or to ignore their parents because no housing transfer was made -- is also conditional upon the parents' ability at the moment of transfer. If the parents do not have the financial ability to help, they can be considered exempt from that responsibility and still maintain their rights to children's respect and support in the future.

*"I believe that if the parents have the money, they should help their children." (Case P3, female, 54, housewife)*

*"But if the parents couldn't afford it, the children should not push them." (Case P5, male, age 61, retired as a worker)*

In line with previous studies (Ikels 1993), we found that parents who are able to provide help but refuse to do so run the risk of not getting the respect and support from their children they would otherwise be entitled to.

*"[If the parents choose to keep their savings instead of helping in the children's home] they wouldn't ask for children's help [if they need money for health treatment]. Or if they asked but the children refused, they shouldn't blame the children for this." (Case P1, female, age 58, retired administrative staff employee)*

The parents did not hesitate to express their expectations for reciprocity. But they placed emphasis on a "generalized reciprocity" with flexible forms and values based on the resources of the children and on a long period of reimbursement. In the short term, parents mainly look for an emotional return: respectful verbal and physical behavior, frequent communication through phone calls or visits, joint family activities during holidays, etc. Substantial return is explicitly expected only when the parents are in extreme situations. In the case of disability, many parents believe it is the best solution to live in a professional care home and use their own or their children's equity to fund the care.

*"I think my son is quite filial. He calls me quite often. And they come to have dinner every weekend. He cares about me. I think that is enough. Nowadays young people are stressed. We should be considerate." (Case P4, a mom, 61, retired sales employee)*

*"We only have one daughter. All our belongings will belong to her after we pass away. But if we are ill and need money for treatment, she should be the one going out and borrowing money." (Case P6, mother of case O3, 59, anesthetist)*

In the long term, the return can involve care in illness, companionship in loneliness, money in poverty, and so forth. It can also be monetary return in a different amount according to the need of the parents and the capacity of the children.

*"It depends on their ability. If the children are able to help financially, they help financially; if they are able to help emotionally, they help emotionally." (Case P1, female, 58, retired administrative staff employee)*

However, while the absolute amount of giving and returning does not matter, the degree of help offered relative to one's total ability does matter. When parents choose to help their children with "all they can give," they would expect "all they can give" in

return. Vice versa, when parents choose to keep their savings to themselves, they are prepared to cover their old-age expenses out of their own pocket.

*"Your parents helped you with 'all they can give (qinqisuoyou, 倾其所有)' when you were in need, now they need your help and you should help your parents with all you can give." (Case P1, female, age 58, retired administrative staff employee)*

Two strategies are mentioned for using HIT properly to secure reciprocity in children's age support: making a transfer to all children equally, and not intervening in children's personal life. Making equal transfers to different siblings is important because parents don't want to hurt their children's feelings or harm the relationship between siblings. If parents concentrate their love and resources on one child, spoiling this child and hurting the feelings of the others, they run the risk of not receiving any support in old age (Yan 2003, 176-178).

*"We helped a little bit when our first daughter got married. We should do the same thing for the second daughter." (Case P5, female, 55, waitress)*

*"I think parents should be equal, at least publicly, like one of my friends' parents did. Her mother divided her wealth equally into three shares and each of the siblings got one." (Case P3, female, 54, housewife)*

*"We only have one child. So we don't need to, like the families with more than one child, to worry about giving the money to this one or that one? Or about what if the children are not happy with the arrangement." (Case P6, female, 59, anesthetist)*

Some parents draw a clear boundary between the expectation of filial return and interference in their children's life. The former is reasonable and justifiable whereas the latter is not and may even damage the relationship and put the filial treatment at risk.

*"To live close to the parents, to get married, or to have a child or something? Usually parents won't have requests like that. If the parents have such requests, the child won't be happy." (Case P3, female, 54, housewife)*

*"Our motive as parents is just to prevent the man from looking down upon my daughter or putting financial pressure on my daughter. But their life is their life. How they arrange the housework or anything, that is up to themselves." (Case P1, female, 58, retired administrative staff employee)*

Parents with an urban or rural background tend to take different views of their obligations in their children's home and the subsequent reciprocity. Parents who

worked in state-owned enterprises do not consider helping in their children's home as their "responsibility" since they themselves had received little resources from their own parents under the socialist regime. Thus, few parents with an urban background would be willing to make an extra effort to help their children. And they try to persuade their children to set realistic ambitions for their housing.

*"I think [asking parents to provide] a marriage home is unreasonable. When our generation got married, we all lived in the work units' property. We all depended on ourselves and we were never thinking about asking a penny from our parents." (Case P3, age 50, female, housewife)*

*"We do not have the ability to help my son. We are in the salaried class. Our income is limited. So I told him: you aim for what you are able to achieve. If you want to buy a home, you take a mortgage loan and you need to make sure you have the ability to repay it." (Case P4, a mom, 61, retired sales employee)*

However, we should not jump to the conclusion that urban parents provide less support for their children's home. The reason that urban parents think they are not "responsible" for their children's home is because they have already secured a stable accommodation, and also a certain amount of assets, for their children through free co-habitation and will pass on their property in the future to their heir(s).

*"My home is the only thing we can leave to our son." (Case P4, a mom, 61, retired sales employee)*

On the contrary, parents with a rural background tend to believe that they are responsible for their children's home. They also express a stronger motivation to go beyond their current financial ability and actually do so. When necessary, these parents would make an effort to negotiate a loan from other relatives, take an extra job, or go back to work if they were already retired. This is particularly true of new immigrants, in which case the children are the first generation in their family to work in Chongqing and try to settle there. Pooling resources to buy a home in Chongqing is the only means to secure a stable accommodation and a 'welfare nest' in the city, not only for the children but also for the parents. This strong commitment in housing transfer and intergenerational reciprocity holds even for established rural immigrants – those who started as rural immigrant workers but later transferred their hukou to a Chongqing urban hukou through marriage or home purchase. Once their urban hukou has been registered, their access to state welfare benefits still lags behind that of workers in state-owned enterprises, who have a track record of decades of pension contribution. Their earlier experience of hardship and discrimination in the city also make these

previous immigrants more concerned about their future security and more willing to invest in their children's reciprocity.

*"My husband worked in Chongqing for many years. I just came out recently. We need to prepare some money for aging. We helped our first daughter a little bit in their home purchase and we wish to do the same for our second daughter." (Case P8, female, age 58, waitress in a restaurant)*

*"I think a marriage home is necessity. Without a home, my son's life is unstable and I would be worried. This is my responsibility. ... Since I have the ability, I must help my son. I may take an extra job or work harder to get the money." (Case P7, female, 58, manager in a beauty salon)*

#### § 4.4.2 Narratives collected from adult children

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In general, young adults acknowledge and agree to the reciprocity involved in housing intergenerational transfer. In situations where parents paid a substantial part of the housing cost, the two generations tacitly agree that the property is owned jointly, although the children are registered as the official owners. Rural parents who transferred all their savings and who have no income feel entitled to live in the same household as their adult child, with their expenses being paid by these children.

*"After I finished decorating the dwelling, my mom came to live with me occasionally. My dad joined her after retirement. After they got used to living in Chongqing, they sold their property in our hometown.... This apartment, although the ownership is registered under my name, it is also their property." (Case 13, female, 34, designer)*

*"My parents gave me all their money. After the transfer, they moved in with us. And we are also paying for all their expenses. In this way, they own part of the dwelling. They feel more powerful at home." (Case 21, male, 36, business owner)*

Many young adults are aware that by accepting their parents' savings and using it to buy their own home they are obliged to take care of the parents in old age. If they have received financial support from their parents, they see it as their duty to be more filial. Some young adults consider the transfer they received as a reward for their previously demonstrated filial piety and forthcoming filial piety in the future. In such filial families, home ownership is often perceived as a family project.

*"What we spent is actually our parents' pension money. If we spent it all, then we should take care of the age cost of our parents." (Case 06, male, 32, administrative staff employee)*

*"My parents didn't expect more filial duties and I didn't behave in a more filial way. But that is because we are already very filial." (Case 06, male, 32, administrative staff employee)*

Some young adults believe it is better not to accept parental help because they prefer to maintain a comfortable degree of filial duties in the future and to protect their autonomy.

*"I think if the parents paid the money, they of course have some discourse rights. ... If you don't want such intervention, you shouldn't ask for help from the beginning. There are those young people, they feel stressed. And they are willing to give up something in exchange for help from parents." (Case 23, female, 28, engineer)*

Adult children agree with the parents that showing filial behavior demonstrates their eligibility to receive transfers for a home purchase. Some of them even make explicit promises or other arrangements to demonstrate their trustworthiness.

*"It depends on the situation of the child, if this child is filial, listens to the instructions of parents. If he works and he needs a home for marriage, and if also the parents can afford it, in this situation, I think the parents can help." (Case 27, male, 25, self-employed hairdresser)*

*"After I sell the dwelling [my parents helped me buy], I give my parents' money back to them. This money is theirs after all. I think in this way, they feel safer. If I need this money in the future, I can negotiate with them again. I have confidence. If I am about to use this money for a good reason, they will give me this money again." (Case 07, male, 31, manager in a department store)*

*"I have this idea of asking for help from my parents to buy a better dwelling for us for a long time. But because my relationship with my father is not very good, I am reluctant to make the request. Thanks to our relatives' persuasion, we did this. ... My father had requested to add his name as the owner. But I told him it would be costly to transfer ownership in the future and they have to trust me. And I told them, no matter if we sold or rented out our old dwelling, the income would be theirs. In this way, they secured their pension resources and they relaxed." (Case 04, male, 40, engineer)*

Parents' financial resources serve as criteria on which to determine their obligations in helping in their children's home and to justify their rights to the children's support in the future. If the parents do not have the ability to help, their failure to do so can be excused and would not negate their rights to support. On the other hand, if the parents have the ability to help but refuse to do so, young adults would feel more justified to be 'less filial' than they otherwise would be. This refusal would also affect the degree of influence that parents can exert on their children's lives.

*"If they couldn't help me at that moment, then I would have no home now. I might be unhappy, but it wouldn't affect my filial duty to them." (Case 13, female, 34, designer)*

*"If parents prefer to save for themselves rather than help their children, they should lower their expectations with regard to the help they would receive from young people. The rights and the responsibilities, they should be equivalent." (Case 00, male, 36, associate professor at a university)*

Even those young adults who have received financial help from their parents agree that "in principle it is not good for young adults' independence" to accept parental help. To what extent young people are willing to give up their autonomy in exchange for parental help also depends on the housing market situation. In 2007 and 2008, when housing prices almost doubled and large-scale public rental housing<sup>16</sup> provision was not in place yet, many parents and young adults pooled resources in order to buy a home. However, in 2015, when the interviews took place, such anxiety was somewhat less evident because the housing market was less tight.

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## § 4.5 Concluding remarks and discussion

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So far, this article has presented a theoretical discussion and an empirical case study. At this point, we will use that material to answer our research question: How does

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16 Public rental housing is an emerging affordable housing tenure promoted by the Chinese central government. It is provided by municipalities with secure contracts and rent subsidies. Unlike other Chinese cities, where public rental housing is rare, highly means-tested, and not accessible for immigrants, the Chongqing municipality started to construct massive public rental housing projects in 2011. The high availability of this tenure to various income groups, new graduates, and immigrants makes public rental housing in Chongqing an effective tenure of 'last resort' for young residents. For research on public rental housing, see Chen et al., 2014; Zhou and Ronald, 2016.

reciprocity affect housing intergenerational transfer in the context of contemporary China where the welfare system is not equally distributed among urban and rural residents? Having conducted 31 in-depth interviews in Chongqing with both parents and adult children in 2015, we found substantial evidence that housing intergenerational transfer is actually an exchange of parents' financial support for children's "generalized support" in the future. This exchange, although not usually discussed openly in the course of negotiations, was widespread among parents and young adults. Some young adults had chosen to refuse or not request financial help in order to avoid undesirable reciprocity and maintain their autonomy. However, such a desire for independence would seem hard to sustain after the rapid price inflation in the 2008-09 housing market.

The expectation of return in housing intergenerational transfer is actually a "generalized reciprocity" (Sahlins 1972), as the relationship between parents and children is stable and close. In the short term, parents do not expect financial repayment but do anticipate respect and emotional support. In the long term, parents expect repayment whenever they need it and in any form the adult children are able to provide. Applying the "norm of reciprocity" (Gouldner 1960) in housing intergenerational transfer is conditional upon the parents' and children's financial resources. If the resources of one generation are limited, the parents or children will not be expected to fulfill their obligation to help the other but will still receive the other's support in due time.

Associated with this condition is a distinction in the "adhesiveness" of the intergenerational relationship (Wang 2008) between families with an urban or a rural background. When rural immigrants make transfers and help their child, often a son, buy a home, they move in with the young family and maintain an "adhesive relationship" with the younger generation. In contrast, when parents with an urban background make a transfer, they often maintain an independent residence and do not expect regular financial support. Parents whose background is rural, and among them even those established immigrants who now hold an urban *hukou* and have access to public welfare, have stronger aspirations and behavioral tendencies to help their children in home purchase. In their experience, family members are the most reliable resources for welfare, as these parents rarely receive any support from the state institutions.

Reciprocity in housing intergenerational transfer is known in the UK and Italy too (Heath and Calvert 2013; Manzo et al. 2016). However, while young adults in the UK and Italy perceive it passively, as feelings of "indebtedness" or living in a "gilded cage" that constrain their sense of autonomy, young adults in Chongqing perceive it positively. Taking care of one's elderly parents is believed to be virtuous behavior,

demonstrating a person's trustworthiness. The moral undertone of allegiance to the principle of caring for one's parents over the autonomous life of adulthood is rooted in "filial piety." That ethos comes from Confucian doctrine and has survived a century of revolution. For Chinese youth, receiving or even asking for a financial transfer from their parents is a symbolic gesture. It signals that they are willing and ready to shoulder the obligation to support their parents in the future. It is seen as a demonstration of responsibility, not of weakness or lack of autonomy. The broader welfare configuration is important, though. Families who were accustomed to the "socialist" life feel more troubled about committing themselves to family exchange and reciprocity. In those families, the parental generation lived a life independent of family resources and their children's generation was nurtured in the same mentality.

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# 5 Why Women Own Less Housing Assets in China? The Role of Intergenerational Transfers

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## Abstract

After three decades of housing reform in China, housing assets constitute a sizable share of family wealth but are distributed unevenly, as registered homeowners are predominantly male. This is partly because males generally have higher incomes than females and can therefore contribute more to the financing, but also because males receive more intergenerational transfers. On the basis of 31 in-depth interviews from Chongqing, this article seeks to answer two questions: 1) How and why does the gender of the recipient affect the negotiation of intergenerational transfers? and 2) What are young women's possibilities to accumulate housing assets? The research findings show that young women either ask their parents for help to secure housing assets before marriage or they attempt to co-own a home with their husbands after marriage. Women who do not succeed in either of these strategies do not accumulate housing assets and thereby risk their rights to the home if their marriage is dissolved.

**Keywords:** housing assets, home ownership, intergenerational transfers, gender, Chongqing, China

## § 5.1 Introduction

After three decades of housing reform, housing assets now represent a significant share of the wealth held by Chinese families, accounting for 37% of the total amount of the family's private assets which are worth on average CHY 930, 000 per household (EUR 102,000 in 2011, Gan et al., 2012). The gender distribution of that wealth, however, is very uneven, as many families register the male household heads as homeowners (Fincher, 2014). According to the Third National Survey on the Social Status of Chinese

Women in 2010, only 37.9 percent of the women own housing property (including those who co-own it with husbands), compared to 67.1 percent of the men (ANWU and NSB, 2010). Among married respondents, 13.2 percent of the women hold the title in their own name and 28.0 percent jointly with their spouses, while the shares for married men are 51.7 percent and 25.6 percent respectively (ANWU and NSB, 2010). In many families whose biggest asset is the housing property, this property is registered solely in the husband's name, even though these properties have also been funded by the wife and her parents (Fincher, 2014). Among the unmarried respondents, only 6.9 percent of the women own their dwelling while 21.8 percent of the men do (ANWU and NSB, 2010).

It is thus clear that women own much less housing assets than men. Little literature, however, has tackled the reasons behind this phenomenon. One relevant explanation is that the female partners generally have a lower income than the males (Zhang and Han, 2008) and therefore contribute less to the financing of the family home. The average annual income of females is merely 67.3 percent of the income of males in urban areas and 56.0 percent in rural areas (ANWU and NSB, 2010). An often overlooked reason for women to own less housing property lies in the fact that females receive less intergenerational transfers than males (see also Cui, Geertman and Hooimeijer, 2016). Considering the high price of housing in China, one can hardly afford home ownership without pooling resources derived from family members. This is especially true for young adults, who do not have built up much savings. While some parents make great sacrifices to help a son buy a home, they tend to decline a daughter's request, even if they have the means to help out (Fincher, 2014).

The improvement of gender equality in nutrition, health conditions and educational opportunities in China is documented in the literature (Lee, 2012). Yet, gender equality in wealth and asset owning is lagging behind. In this domain, the Chinese market reform and the trend towards individualism of property ownership seem to work in the direction of a widening gender gap. At the same time, women's economic security and well-being have become a crucial issue in the rapidly aging Chinese society where the policies hope to boost fertility. Thus, this paper contributes in two ways. First, it reveals the gender inequality in opportunities to accumulate housing assets and the role of intergenerational transfers in this phenomenon. Second, it systematically analyzes the connections between welfare state, family reciprocity, home ownership and gender in the context of China, thereby providing a framework for future comparative research.

In another contribution, we have elaborated on the negotiation processes that underlie intergenerational transfers for the purpose of home ownership (the authors, forthcoming). In this paper, we will investigate how the gender of an adult child affects these negotiation processes. Utilizing 31 in-depth interviews from Chongqing, this

paper answers two research questions: 1) How and why does the gender of the recipient affect the negotiation of intergenerational transfer on home ownership? and, against this backdrop, 2) What are young women's possibilities for accumulating housing assets? The answers to these questions will be framed within the broader system of social coordination outlined above.

The next section presents the conceptual framework of "social coordination" in more detail. Subsequently, we describe the contextual background of China through the lens of this framework. Then, a summary of the research methodology and data collection process is given. The empirical analysis consists of two parts. The first elucidates how intergenerational transfers on home ownership are differentially directed to male and female adult children; the second describes how young women cope with this and elaborates on their possibilities to accumulate housing assets. The final section summarizes the research findings and discusses their wider implications.

## § 5.2 Literature review and conceptual framework

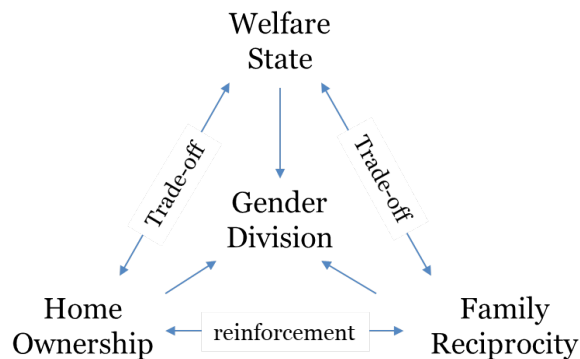


FIGURE 5.1 Conceptual framework of chapter 5

## § 5.2.1 Social coordination of welfare state, home ownership, family reciprocity and gender division

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### The system of social coordination

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Existing research has noticed the substitution effects between welfare state and home ownership, and between welfare state and family reciprocity. When social protection is not available to the public and the generosity of the welfare state is limited, individual households are motivated to accumulate private assets to offset income uncertainty over the life course (Castles and Ferrera, 1996; Kemeny, 2001; Doling and Horsewood, 2011). A common way for families to accumulate assets is home ownership (Dewilde and Raeymaeckers, 2008; Toussaint and Elsinga, 2009; Doling and Ronald, 2010; Elsinga and Hoekstra, 2015; Izuhara, 2016). Homeowners can reduce the cost of living (by not “wasting money on rent” and living free of charge once they own the dwelling outright) and ensure a safety net to offset financial risks (by cashing out or using the asset as collateral for loans). There is also a trade-off between state and family as welfare providers. Without or with limited public welfare, individuals have to rely on the mutual support of the families, particularly intergenerational reciprocity, to provide care and offset risks in the long term (Croll, 2006; Albertini et al., 2007; Blome et al., 2009; Izuhara, 2010a). In developing and underdeveloped countries where the welfare state is not effectively established, extended families in which different generations can help each other are common. And vice versa, in developed countries where intergenerational reciprocity is encouraged in culture, such as in East Asian countries, the development of the welfare state is confined (Croll, 2006; Izuhara & Forrest, 2013; Jacobs, 2000). Family reciprocity also works within one generation, in the form of the male breadwinning model; the incomeless wives use their free labor at home to reciprocate their husbands’ responsibility in providing cash income for subsistence (O’Conner, 1993, Lewis, 2002). In a little developed welfare state with a high percentage of home ownership, family reciprocity in intergenerational transfers of housing property is important. In a homeowner society, access to alternative tenures is limited and living in an owner-occupied home becomes a social norm (Ronald, 2008). A high demand for home ownership coupled with insufficient access to the rental sector may drive up the price of owner-occupancy properties. As a consequence, home ownership is often unaffordable for young households unless they receive support from parents and/or other family members (Izuhara, 2010a; Heath and Calvert, 2013; Druta and Ronald, 2017; Manzo et al., 2016; Deng, Hoekstra and Elsinga, 2016). Parents are usually inclined to help out, as home ownership is a good investment for the family and their help could evoke reciprocity from their children, which is the major source of

support in old age when welfare state provisions are limited (Izuhara, 2010b; Zhong, 2014; Or, 2017).

We call the interconnectedness between welfare state, home ownership and intergenerational reciprocity discussed above “*social coordination*”, as it illustrates how individuals, families, and the state are connected in a society (through the lens of housing).

### Home ownership, family reciprocity and welfare state in China

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In another publication (the authors, forthcoming), we document how reciprocity works in smoothing the exchange between parental help in accessing home ownership and the children’s support in old age care. The expectation of reciprocity plays a key role in deciding whether an intergenerational transfer takes place. Basically, the parents only make the transfer when they view the beneficiaries as trustworthy providers of old age care. Some adult children, under the purpose of maintaining their autonomy in deciding an acceptable level of filial duty, refuse or avoid asking for support of their parents. The reciprocity expected by the parents can be financial, instrumental, or emotional, depending on the needs of the parents and the availability of the children in due time. This exchange is not to be explicitly discussed during the process of negotiation, but it is well understood and perceived justified by the adult children. We also observed an influence of the welfare state on the motivation of intergenerational transfers. In the current Chinese welfare system, rural residents receive far less state welfare than urban residents. This motivates them to invest more in intergenerational reciprocity, while the urbanites can be more altruistic in the transfer. Households with a rural migration background are more willing and more likely to feel responsible for supporting their children in getting access to home ownership than their urban peers, even though they have fewer resources to do so.

### The role of gender

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In this paper, our main concern is to add another dimension in the triad of social coordination - gender (FIGURE 5.1). Gender divisions are important in the understanding of how individuals, families and the state are organized in a particular society. In most of the preindustrial societies and to a lesser extent but far from extinction in the industrialized societies, production and property ownership are organized along lines of gender. The men work outside the family as the “bread-winner” and represent the household in public. They are recognized by the community and the authorities as the “head of the household” and the owners of family properties.

Women, on the contrary, provide services and care within the household without any monetary compensation. They are viewed as dependents of their husbands and fathers, which implies that they cannot hold properties (Engels, 1884; Goode, 1963; Hareven, 1999; Whyte, 2003). The gender differences did not disappear when welfare states started to develop and social protection became a civil right. After all, the organization of social protection is often gendered as well. Many modern welfare states (with exceptions in Scandinavia) are still based on the male breadwinner model in which the male workers receive a “family wage” to support their wives staying at home and doing unpaid house and care works (O’connor, 1993; Orloff, 1993; Esping-Andersen, 1990, 1999; Jewis, 2002; Leitner, 2003).

After decades of feminist movement and progress in social policies, gender gaps in education and income have in different extents diminished in many developed and developing countries. Yet, the gender gaps in the distribution of property and asset-holding remain persistently large (Deere & Doss, 2006, Kennett & Chan, 2011). Direct or indirect discriminations affect women in the distribution of proprietary resources in both private and public spheres, such as in inheritance of properties (Kennett & Chan, 2011), in registering the ownership of housing, in taking mortgage loans (Izuhara, 2015), in the distribution of land (Sargeson, 2012b) and in the allocation of social housing (Guo, 2011). Female-headed households in particular experience significant disadvantage in terms of accessing and sustaining appropriate housing (Kennett & Chan, 2011).

In next section, we will apply the perspective of social coordination and examine how welfare provision, family relations and housing are linked in the context of traditional and contemporary China.

## § 5.2.2 Social coordination in China: from past to present

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### Social coordination in traditional Chinese society

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In traditional Chinese society, the provision of housing (and by extension the ownership of housing property) was always associated with elderly care and generally arranged patrilineally (Logan and Bian et al., 1998; Whyte, 2003). In a patrilineal society, marriage is normally patrilocal; residing matrilocally is deemed socially undesirable. Patrilocal means that the groom’s parents prepare a space so the new couple can move in with them and become co-resident. After marriage, the bride becomes a member

of the groom's family and will care for her husband's parents rather than for her natal parents. The children of this couple would also be named according to their father's genealogy. In this way, a Chinese family is reproduced patrilineally. Housing, both as living space and property, is an important link in this chain of reproduction. A home is both a practical place (for caregiving) and a symbolic space (in which one identifies with a family network). In this way, providing housing, either financially or in-kind, justifies the providers' rights to care and enables them to receive it (Logan and Bian et al., 1998; LaFave, 2016).

Consequently, in traditional Chinese society, there is a preference for sons. Only sons are considered permanent members of the family and the source of care. As a result of this, girls receive much less from the family in terms of resources and investment (Song, 2008; Li and Wu, 2011). They receive less nutrition than boys and they carry out duties within the household from a very young age. They are relatively deprived in terms of formal education and human capital accumulation.

### Social coordination in contemporary China

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The Feminist movement in the twentieth century campaigned for gender equality and women's access to civil rights such as freedom of marriage and divorce, right to education and formal occupation, and right to acquire and maintain properties. The Communist regime particularly promoted women's participation in the labor force and gender equality in allocating job opportunities, as means of mass mobilization and means to facilitate industrialization (Davis and Harrell, 1993; Zheng, 2005).

### Chinese welfare state

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From 1949 and onwards, a nationwide welfare system was gradually developed. It started in a very preliminary form, covering only state employees, and gradually expanded into a somewhat more comprehensive system. The current Chinese welfare system has eligibility criteria based on formal employment and benefits based on contribution, which means that women can only gain access to social benefits if they are paid workers and contribute to the social security fund. As a result of lower female participation in the labor force and lower pay scales, only 54.1% of the elderly females in the cities have pension, compared to 79.3% for their male counterparts. In the countryside, the gap is even wider: 38.8% for females and 59.1% for males (ANWU and NSB, 2010).

Even though gender equality is still on the official political agenda, state institutions in many domains are suppressing women's rights toward land and housing, under the assumption that they will get it from their husbands (Guo, 2011). Women have been more vulnerable than men to forced acquisition and have had to protect their land rights, though with far less success than men. In 2010, 21.0 percent of the rural women were landless, 9.1 percent higher than the rate for rural men (ANWU and NSB, 2010). Furthermore, current Chinese laws do not provide mechanisms to distinguish women's property rights within the household. Therefore, if the marital status of a woman changes, her rights to family property such as land and housing can be easily infringed (Sargeson, 2012).

### One-child policy and family reciprocity

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From 1982 and onwards, China launched the so-called "one child policy", stipulating that in principle each couple should only have one child. This policy is applied strictly in urban areas but somewhat more loosely in rural areas (Zhang, 2007). As a result of the policy, the fertility rate dropped from 2.7 in 1986 to 1.5 in 1997 and has since remained stable (World Bank, 2017). A line of research suggests that the one-child policy reduced the number of competitors for a family's resources and improved gender equality to some extent. Under this policy, single-child girls and girls with only female siblings receive more education than girls with male siblings (Tsui and Rich, 2002; Lee, 2012). Many families, even from rural background, started to encourage their daughters to pursue a career and provide help such as child care (Xiao, 2014; Ling, 2017). However, the improved gender equality is not yet visible statistically in the allocation of family property and assets. Even though the inheritance rights of daughters are written in law, inheritance allocation only to sons still dominates in rural areas (Sun, 1996; Wu, 2012). A survey from the 1990s showed that only 40 percent of urban residents and 14 percent of rural residents agree with shared inheritance among daughters and sons (Sun, 1996).

Post-reform policies pay more attention to the protection of individual property rights and interests. Different from family policies in the socialist era which emphasized protection of women, current policies highlight the financial contribution and rights toward the family assets of the breadwinner and loosen the rights of the female homemakers. As divorce rates and disputes over marital property rise, a new judicial interpretation of the Marriage Law was issued in 2011. This new interpretation stipulates that the housing property (or a share of the housing property) paid by one spouse (including parents of the spouse) before the wedding belongs to the payer (Supreme People's Court, 2011). In recent years, with children that are born under the one-child policy reaching marriage age, new dynamics were introduced in

family relations and power structures. The existence of families with only daughters challenged the patrilineal family reproduction model, as parents in these families also need care from the daughters and sons-in-law; the parents of the bride and groom have to compete for priority in their children's future caregiving. Considering the direct linkage between the surname of the grandchild, housing provision and rights to care, some parents of the brides insist to finance the new couple's home in order to gain the right of surnaming and future care (Qi, 2017). If the parents contribute significant amounts to their children's home ownership, they are not only more likely to arrange a desirable location at which they would eventually receive care but are also holding the moral high ground, either to claim their children's reciprocal care or to use part of the equity stored in their children's home to pay for institutional care and health treatment (Zhang, 2004; Luo and Zhan, 2012; Sun, 2012; Zhang, et al, 2014). Thus, a gendered relation of housing intergenerational transfer and age support can no longer be automatically assumed. Instead, case-by-case negotiations become the norm. In such negotiations the financial ability of the bride or groom's parents, the affection between adult children and parents, and the geography of their residence, play a crucial role.

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### § 5.3 Research design<sup>17</sup>

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Chongqing has been the international trade and administrative center of Southwest China since the 19th century and was the capital city from 1937 to 1944. The core area, Yuzhong District, has been occupied by families established there for generations. They were employed in the administrative, trade, and service sectors and lived in crowded privately owned homes. During the 1960s, Chongqing experienced rapid state-led industrial development and has since established itself as one of the centers of heavy manufacturing in Western China, with more recent settlers working in state-owned factories. During the economic reform of the 1980s and 90s, many immigrant workers came from nearby rural areas and found informal employment in the rapidly growing private sector. Being one of the four cities controlled directly by the central state (the other three are Beijing, Shanghai, and Tianjin) and the only one in inland China since 1997, Chongqing's vigorous development has attracted many migrants with high educational qualifications from both rural and urban areas. In our study, we approached all three groups – the locals, urban migrants, and rural migrants

-- as the public welfare systems they have entered were different. The state workers enjoy the best public welfare and receive support for education, career development, and housing from the state. The established residents working in the private sector receive less from the state but can fall back on the family resources accumulated over generations. Finally, new migrants that have arrived after the economic reform tend to receive less state support (often because they don't possess a local urban *hukou*) and their earning capacity varies according to their educational qualifications.

The fieldwork was conducted in the metropolitan area, consisting of nine districts with an approximate area of 500 km<sup>2</sup> and a population of eight million (2010, sixth census). The data was collected in November and December of 2015 and 31 participants were interviewed with the help of a semi-structured interview guide. The interviews were started with an information table collecting a range of basic information: 1) the demographic and socio-economic status of each member of the extended family; 2) the housing history from birth, including the time period, location, dwelling type, dwelling size, affordability, tenure situation, and living arrangement for each period of occupation; 3) the payment structure of the first and current (if they are not the same) dwelling, i.e. who pays for what percentage of the total value. The semi-structured interviews also addressed the following two topics: 1) the process of home purchase, particularly who initiated the purchase and how the payment structure was negotiated and settled; 2) the perception of and attitude towards intergenerational transfers, both within the own family setting and in general terms. The semi-structured interviews lasted from 45 to 75 minutes, depending on the complexity of the story. The language used in the interviews was Mandarin or the local dialect. Immediately after the completion of the interview, the interviewer wrote up a short summary of the participants' opinions and relevant non-verbal impressions. All interviews, except two<sup>18</sup>, were recorded and subsequently coded using Atlas.ti 7.0. The participants were given numbers so that they can remain anonymous, and quotations from their responses have been translated from Chinese into English.

The participants were selected by a purposive sampling method under the principle of maximum diversity. First, we targeted and categorized three groups of young people: locals, urban migrants (who moved from one urban area to another), and rural migrants (who moved from the countryside to the city) (see Appendix 1 for more details). Second, within each group we recruited a sample with maximum diversity

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Case 05 refused to be recorded and the recording of Case 14 failed due to a problem with the equipment. The analysis of these two cases was done on the basis of interview notes. Detailed written notes were taken during the interview of Case 05. For Case 14, some important questions had to be answered again. For this purpose we used WeChat, a social media app that enables voice messaging.

in terms of age, gender, occupation, education, income level, life course, housing and living arrangements (e.g. living independently or with parents; having renting experience or not) and intergenerational transfer experience (e.g., did or did not receive intergenerational transfer; asked/did not ask for intergenerational transfer). In a few cases, both partners of the couple were present during the interview and they were registered as one case. Parental participants were recruited along the same lines. We recruited parents with a range of experiences with regard to equity transfers (i.e. transferred, did not transfer, did not transfer but plan to do so in the future). A minority of the parental participants were parents of young adult participants that were also recruited. In such situations, parents and young adults were interviewed separately from each other. More details on the participating parents can be found in Appendix 2). Participants were approached through snowballing method, starting with personal contacts. This approach was taken because the topic of this research is both private and sensitive and recruiting from a pool of acquaintances helps build trust.

We kept on recruiting research participants in these three groups with an eye to variety in other respects until information saturation was reached. At that point, information from participants started repeating itself, and no new themes pertinent to our research questions came to the fore, even when new participants with a different background were recruited. In total, 22 young adults aged from 24 to 41 and nine parents aged from 49 to 60 were interviewed. Eleven of the 22 young participants had received an intergenerational transfer from their parents. Of the nine parents that were interviewed, six had provided an intergenerational transfer to their children (see Table 4.1 and 4.2 for a summary of the research participants and appendix 1 and 2 for more details).

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## § 5.4 The gendered intergenerational transfer of housing assets

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The patrilineal tradition leads to different strategies for saving and housing planning with salient differences between families with male or female children. Families with male children would plan a home for the sons well in advance of marriage and start saving money for that purpose. Families with female children, on the other hand, rarely make any proactive financial arrangements. However, on top of gender family size matters as well, as the next two Sections will show.

### § 5.4.1 In multi-child families

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If a family has both male and female children, which is the case for many rural migrants, the parents only prepare for their male children's home.

*"In our home town, it is all like this. Parents would prepare a home for their sons. Houses are cheap in my home town, so my parents just bought a home for my two brothers. It is more expensive in Chongqing, so my mom can only help me with mortgage down payment. ... No help to daughters. In my home town, normally parents wouldn't support daughters as they will marry out." (Case 11, male, age 37, engineer, migrant from a northern province)*

However, for young migrants who plan to buy a home and settle down in the city, resources received solely from the man's family are often not enough. The young couple would ask for help from the wife's family too. In such circumstances, resources from the husband's parents are often a gift, while help from the wife's family is implicitly an interest-free loan.

*"(Male participant:) After we decided to buy a home, we asked our parents with how much money they could help us. My parents gave me all their savings, so after the home was ready they move in with us and left their rural home. (Female participant:) But in my family, this is a loan. I borrowed from my parents, my brother, and my sister. We repay them later." (Case 21, a couple from nearby Sichuan Province, both age 36, own a company together)*

A gift from the male's side and a loan from the female's side form a combination that also applies to Case 21. As the research participants point out, this combination is a direct result of the patrilineal tradition and the linkage between parents' housing duties and adult children's elder-care responsibility.

*"(Male participant:) I think this has something to do with the traditional household structure. Because my wife is daughter and her parents, from deep of their heart, believe that they should rely on their son for age support. (Female:) It also has something to do with the culture. For home purchase, traditionally it is the responsibility of the male's family. The female's family would not be taking care of this stuff. Even nowadays in many single-child families." (Case 21, a couple from nearby Sichuan Province, both age 36, own a company together)*

### § 5.4.2 In single-child families

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The female participant in Case 21 is correct in suggesting that even in those single-child families from an urban background, a gender discrepancy still exists. Parents of a male child start planning for their son's home a long time in advance. If their financial situation allows it, these young men become homeowners when they are still in college or immediately after they start their first job. Often, it is the parents who come up with the down payment and the young men pay the monthly installments on the mortgage. After marriage, the wives of these home-owning young men would move in with them.

*"My parents paid the (mortgage) down payment. I paid the monthly installment. Our main purpose is to prepare a home for future marriage. Another motivation is investment." (Case 07, male, age 31, manager in a department store)*

*"After I graduated from college and start to work in this hospital, my parents offered me all their savings and asked me to buy a home." (Case 05, male, age 33, facility manager in a hospital)*

Families with only daughter tend not to plan for their child's future home, as they consider it the responsibility of her future husband's family, but some parents register their daughter's name as the proprietor of their own home. Unlike similar behaviors in families with a male child, these homes are not devoted to the daughter's use for independent living or marriage. It is more like a strategy to secure support from the daughter, by assuring the property as bequest in the future.

*"I think my daughter's and her husband's home is her husband's family's responsibility. We can contribute a share, but her husband's family should contribute more." (Case P02, male, age 60, retired as a technical manager in a joint-venture factory)*

*"My parents won't buy a home for me. They think, after marriage, it is the husband's responsibility. ... But they registered their home under my name. That is to avoid transfer costs in the future, but it is still their home. I never feel that is my home.... After my divorce, my father did not allow me to use it because he did not want me to divorce." (Case 02, female, age 34, administrative staff in a private company)*

In Chinese culture, the male children are primarily responsible for providing old age care to their parents. It is in exchange for this responsibility that they receive intergenerational transfers. However, in situations where male age supporters are not available, such as in multi-children families with no sons or in single-child families with only a female, it is possible for female children to receive such transfers. This is

most clearly illustrated by Case P8's explanation on why she insists on helping both her daughters in acquiring home ownership.

*"I have to prepare some money for my old age. And we should also help my younger daughter (in home purchase) since we had helped our older daughter. ... We don't have that fortune to have a boy, the only thing we can do is to help our daughters. Nowadays the duty of supporting aging parents is the same for sons and daughters." (Case P8, female, age 58, waitress in a small restaurant, migrated to Chongqing several years ago)*

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## § 5.5 Young Women's opportunities to Accumulate Housing Assets

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Even though parents with female child(ren) rarely take the initiative for providing intergenerational transfers, there is room for young women to negotiate and maneuver. This section describes three different possibilities that young women have to accumulate housing assets. Based on the availability of parental support and their own earning power, some young women secure housing assets independently before marriage while others secure assets together with their partners after marriage. Finally, in the absence of parental support and own earnings, some women cannot accumulate any assets and therefore become financially dependent on their partners. Below, each of these three situations are described in more detail.

### § 5.5.1 Seek help from parents

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Some of the young women in our research successfully established independent home ownership while they were unmarried. This means that no matter what happens to their marriage in the future, whether they remain unmarried or get divorced, their residence and financial safety net is stable. They can hardly establish such a position without parental transfers, however. In other words, an independent housing asset for women usually means independent from husband and marriage but in fact dependent on parents. This is nevertheless a privileged position for young women and requires the concurrence of several circumstances. In our research, the cases 03, 13, and 14 belong to this group. They all have an urban background and are the only child in their families. They are the initiators of the intergenerational transfer that they received from their parents, with which they have a close relationship that is characterized by a high level of trust.

*"I know that housing prices in China, also in Chongqing, will rise. And my working place is far away from my parents' home. It took me one hour one way, very inefficient. So I proposed to my parents that I want to buy a home. And I convinced them." (Case 03, female, age 32, an asset manager in a commercial bank)*

*"After I decided to settle down in Chongqing, I immediately started home viewing and I asked my parents to help me. ... I think a woman should have her own home, although people said the man will provide you with accommodation after marriage. But I would feel unsecure if I would not have my own home. My relationship with my husband is good, but I still want my own home." (Case 13, female, age 34, designer in a State-Owned Enterprise)*

One important reason why these women received support from their parents lies in their mothers' personal experience in the patriarchal families and their concern for their daughters' financial independence in marriage.

*"Our idea as parents is to prevent the man from looking down upon our daughter, from putting financial pressure upon our daughter. My daughter shouldn't be financially dependent on her husband." (Case P1, female, age 58, retired as an administrative staff employee)*

### § 5.5.2 Co-owning with husbands

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If owning a home before marriage is not feasible - and that is very often the case -- buying a home together with their husband and becoming a co-owner is another possibility for married women to accumulate some housing assets. In order to claim a share in home ownership, either the wife or her parents (such as Case 06) would need to contribute a share of the purchase price. When young women want to use their own income (such as Case 21 and 22), they would probably only have the chance to do so if the couple were to decide to buy a second home and if they had sufficient income to do so. That is because many young men already own a home before marriage. And these homes, in most cases, are fully paid for by the husband's parents or jointly by the husband and his parents. Thus, the couple's motivation to buy a second home, other than for holidays, upgrading or investment, would be to strike a balance between the financial interests and powers of the husband (and his parents) and the wife (also see Zhong, 2014, 172).

*"We purchased another home earlier this year. The home we currently live in is, after all, purchased by my husband and his parents, but the new home is ours [my husband's and mine]." (Case 05, female, age 31, civil servant)*

Making a financial contribution is not the only way to justify a woman's claim to the marriage home. As women play a major role in unpaid housework and care, in the view of many men and women such services justify women's rights to family property.

*"Although my income is much lower than my husband's, I don't feel inferior to him. He makes money outside, but all the domestic work like child care depends on me. He offers money and I offer labor." (Case 02, female, age 34, administrative staff employee)*

*"I think if the woman wants to have a share in the marriage home, she should share the responsibility. It does not mean that this woman must work, but she should fulfill her duties at home, for example taking care of the child and the elders." (Case 11, male, age 41, project manager in a real estate development company)*

In some cases, women get 'compensated' for their domestic services and chores by getting access to the assets that are accumulated in the house in which they live. Consider, for example, the first marriage of Case 16 and Case 02's current husband. Although the husbands brought in the full amount of money that was needed to purchase that marriage home, they registered their first wife as the only owner. And thus, after the dissolution of their first marriage, the property went to their ex-wife. Case 16 explained his rationale like this:

*"Women are more vulnerable. Let's say if our marriage didn't work out, as a man, even if I am 50 years old, I still have chances. But for a woman, where does her sense of safeness comes from? Only from the man. Besides her man, what else she can count on?" (Case 16, male, age 41, business owner in tourism)*

However, justifying home ownership through a woman's care and services is not standard institutionalized behavior. Only if the husband voluntarily registered the wife as the home owner at the moment of purchase and does not retract this registration in a divorce court afterwards (which he could do by proving payment), the woman has a right to the property concerned. Thus, a woman's ownership or co-ownership through domestic service is at the mercy of the man. It is thus important for women who do not have parental support in asset transfer, and particularly so for those who do not get good pay in the labor market either, to select a financially capable and virtuous husband.

*"I won't consider a man who doesn't have a high income. But it is not only about income, it is also about his moral quality. I am lucky. I have dated my current husband in high school. He raises no suspicions in me. He has a good income and he is willing to support me financially. When the kids approached the age of school, he said we should buy a home and let our child go to a good school. So he bought a home and registered me as the owner." (Case 02, female, age 34, administrative staff in a private company)*

### § 5.5.3 Dependent wives

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Women who did not receive parental help and did not make a direct financial contribution to the home generally do not accumulate housing assets. Instead they depend on their husband's housing assets. If the marriage is stable, there is no problem. But if anything goes wrong and the marriage breaks up, these women may end up without any monetary compensation. Thus, non-owning wives are more vulnerable in the marriage than owning wives. Fearing homelessness, some women are forced to stay with a violent partner or in an unhappy marriage (Fincher, 2014).

*"In my first marriage, my ex-husband's mom purchased a home for him. So after we married, we moved into that dwelling. Then after I divorced him, I moved out." (Case 02, female, age 34, administrative staff)*

*"After my older sister got divorced, she is in hardship. So I invited her to live in our home and we support her spending. I helped her to look for jobs and her daughter coming to study in Chongqing. Now she has found a stable job and she has moved out." (Case 21, male, age 36, business owner)*

Some women miss the chance to make a financial contribution to the marriage home -- for example, if this home has already been purchased outright by the man's parents. For these women, it is very hard to reverse the situation, even if they have a paid job. Purchasing another home is the only option open to this group. This is exactly the situation Case 02 faced in her first marriage. Since the husband already owned a home and had no immediate incentive to buy another one, the wife needs to have substantial earning power to initiate such a purchase and/or at the same time be able to convince her husband or parents(-in-law) to contribute too. Because women are mostly responsible for the housework, their income is usually spent on daily consumption (such as food) rather than saved up to buy another home.

The parents play an important role in helping young women with the accumulation of housing assets. Not only can they give financial assistance, they can also offer child care, thereby enabling the young women to continue a full-time career. Because there is almost no public child care in China and private child care is expensive and untrustworthy, many families rely on grandparents to care for young children (Xiao, 2014). If, for reasons like health or migration, the grandparents are not available, the young mother would have to stay home to take care of the child. In this situation, the woman would make no financial contribution to the household, so it may be harder for her to claim a share in the family assets, especially when the husband is struggling to shoulder the housing costs alone.

*"We asked if my parents-in-law would like to move in with us and help us with child care. But they don't want to. They don't want us to be too dependent on them. So my wife stayed at home for child care....When we were buying our marriage home, it was so hard. I asked help from my parents-in-law but they didn't help us. They are not rich either. I have no choice. My name is on the property certificate, so I have to work hard and repay the mortgage debt by myself.... So now I am the owner of our home." (Case 12, male, age 37, immigrant from Jiangxi Province)*

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## § 5.6 Conclusion

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The literature shows that parental background and the availability of intergenerational transfers largely determine the chances that young adults will be able to attain home ownership. This paper has elucidated the mechanisms underlying these factors by exploring the relationship between intergenerational transfers and gender. We chose to position our empirical study in China, a country with severe housing affordability problems and a persistent patrilineal family tradition. The empirical study for this paper was carried out in Chongqing, Southwest China. Although we don't claim that Chongqing is representative for China as a whole, we do think that the mechanisms that are described in our paper have a broader relevance for Chinese society. Utilizing 31 in-depth interviews from the city of Chongqing, we investigated two questions: 1) How and why does the gender of the recipient affect the negotiation of housing-asset intergenerational transfer? and, against this backdrop, 2) What are young women's possibilities to accumulate housing assets?

Our study in Chongqing has elucidated the gendered practice of intergenerational transfers for home ownership in China. In multi-child families, parents prepare for and

transfer housing assets to sons prior to or at the moment of marriage, whereas they would at best provide interest-free loans to daughters upon request. In single-child families, parents would not prepare a housing-asset transfer for their daughters, as they expect their daughter's future husband and his family to do so. Under these circumstances, ownership of housing assets before marriage is much less common among women than among men. And not only do women bring fewer assets into the marriage, they also have a disadvantaged position in the labor market. Therefore, the family home is often in the possession of the man and the accumulation of housing assets during the marriage is difficult for women. Consequently, women face the risk of losing access to their family home and being without assets if their marriage status changes.

Against this background, young women in Chongqing embark on three different scenarios for housing asset accumulation, based on their parental resources and their own earning power. When parental help is available, some young women successfully establish independent housing assets while they are still single. Their control over these assets is not subject to changes in their marriage status. Furthermore, without utilizing parental resources, women can still establish co-ownership with their husband by sharing in the mortgage payments. In many cases, however, a woman can only become a co-owner if the couple buys a second home, as the first one is often purchased by the husband and his parents. Finally, some women, do not possess any housing assets. For them, not only is financial help from parents out of reach, but their own earning power is constrained by the fact that they have no help with child care and household chores.

The social status of Chinese women has improved substantially in the last half a century due to the economic independence they get from labor market participation. At the same time, their lagging behind in holding housing assets becomes a new source of inequality. Our research shows that women's disadvantage in holding housing assets is not only caused by their lower earning power in the labor market but also, and probably more so, by gender discrimination in the provision of intergenerational transfers. This discrimination is rooted in China's traditional patriarchal power relationships. These relationships were mitigated by the socialist movement between the fifties and the seventies but are coming back now that private ownership of housing has become the norm. In the post-reform Chinese social coordination system, there is an increased emphasis on family reciprocity and home ownership, which reinforces the gender gap in housing asset-owning between men and women.

In this paper, we introduce the conceptual framework of social coordination and we use this framework to analyze how Chinese men and women have differentiated opportunities to access home ownership and to accumulate housing assets. This framework uses a holistic approach to analyze the mutual influences between welfare state, family reciprocity, home ownership and gender. Future analyses based on this

framework may help to understand how social policies and housing policies influence gender relations and fertility rates, or to understand how gender divisions influence the sustainability of the housing system and welfare state. The social coordination framework can also be helpful in comparative studies that aim to explain the different institutional choices and outcomes of different countries.

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# 6 Conclusions

## § 6.1 Introduction

This thesis examined the housing opportunities of young Chinese adults (roughly 25 to 40 years of age) in post-reform China. The aim was to understand how these opportunities are related to the institutional changes that took place during the reform. In that respect, ample attention was paid to the complex and mutual connections between the welfare system, the housing system (particularly home ownership), and the kinship system. One chapter was devoted to a policy review and three to the empirical investigation. With this thesis, I hoped to help fill two gaps in the literature:

- 1 The lack of attention to the housing opportunities of young Chinese urban residents (across all backgrounds) in the post-reform context;
- 2 The lack of understanding of the mechanism of intergenerational transfer in young people's housing opportunities in the post-reform Chinese context.

### § 6.1.1 Research question

The main question of the thesis was, What are the key factors shaping young people's opportunity to access housing and how do these factors relate to China's institutional changes during and after market reform? This question was broken down into four sub-questions, which were tackled respectively in chapters 2, 3, 4, and 5:

- 1 How has the provision of urban housing in China changed in the transition period in line with two institutional shifts (with regard to the role of the work units and the *hukou* registration), and how has this influenced housing opportunities?
- 2 Which factors can predict young Chinese people's opportunity to access home ownership?
- 3 How does the expectation of reciprocity affect housing-asset intergenerational transfer in contemporary China, where welfare provisions are not equally distributed among urban and rural residents?

- 4 How and why does the gender of the recipient affect the negotiation of housing-asset intergenerational transfer? And, against this backdrop, what are young women's pathways to accumulate housing assets?

## § 6.1.2 Structure of the chapter

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This concluding chapter first summarizes the research findings and answers the research questions formulated above before reflecting on the methodology and the limitation of this research (section 6.2). Next comes a discussion of the theoretical implications of this research (section 6.3) and, on that basis, some suggestions for future research (section 6.4).

## § 6.2 Housing opportunities of Chinese young people

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This section summarizes the findings of the four core chapters of this thesis (with each chapter covering a research question). Then it offers an answer to the main research question.

### § 6.2.1 Housing provision before, during, and after the reform

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- 1 How has the provision of urban housing in China changed in the transition period in line with two institutional shifts (with regard to the role of the work units and the hukou registration), and how has this influenced housing opportunities?
- 

It is instructive to review the housing policies as they have developed since the establishment of P. R. China in 1949. In that regard, four periods may be distinguished according to the main housing tenure(s) provided during that time: the welfare period (1949-1978), the dual period (1978-1998), the market period (1999-2011), and the comprehensive period (after 2011).

During the welfare period, welfare housing – which refers to rental housing with a nominal price - was constructed by work units and municipalities. These dwellings were allocated to urban workers through an administrative procedure.

During the dual period, two types of housing were constructed and sold, rather than rented, to residents. One type, called reformed housing, was sold by the work units at a subsidized price. The other type, called commodity housing, was sold by for-profit developers at the market price.

During the market period, the provision of reformed housing was phased out and the market became dominated by the provision of commodity housing. A housing market emerged in which the home ownership sector predominated. Preferential policies were enacted to promote the development and consumption of commodity housing as a strategy to boost economic growth. Speculation and rapid price appreciation prevailed in the market period and made home ownership hard to afford, particularly for young people.

During the comprehensive period, the provision of housing became more diverse in terms of tenure. Public rental housing programs were initiated in cities, and policies to support the provision and consumption of rental housing came into force.

In the welfare period, as welfare housing was allocated bureaucratically, households who had a closer relationship with the redistributive power were more likely to access housing. In other words, access to housing was easier for households who worked in powerful work units and for households who were members of the Communist Party. After more than three decades of housing reform, from its commencement in 1978, a housing market was established within which the prospective buyers could compete on the basis of their ability to pay. As a result of these policy changes, the housing market in China is expected to be more inclusive in the future – no longer would anybody be locked out by institutional barriers. However, the housing market, with its post-reform characteristics, does not necessarily put each participant on an equal footing to compete. As private ownership and family wealth become increasingly common in post-reform China, intergenerational transfer of private wealth may constitute a new source of inequality.

## § 6.2.2 Opportunity to access home ownership

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### 2 Which factors can predict young Chinese people's opportunity to access home ownership?

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According to the 'market transition theory' (Nee, 1989), the opportunity structure in a market economy should be favorable to those who make a more direct contribution to production. Applying this theory to housing, I formulated the hypothesis that variables representing young people's market ability are significant in predicting their access to home ownership, while the significance of the variables representing redistributive power declines. This hypothesis was statistically tested on nationally representative data using a logistic regression model. In addition to the variables for market ability (education, employment status, and income), three groups of redistributive factors were included as explanatory variables: political affiliation (membership of Communist Party and other political parties); organizational affiliation (variables about work units); and territorial affiliation (variables about hukou). The results showed that, surprisingly, young people's market ability is insignificant in predicting their opportunity for independent home ownership. Rather, two redistributive variables were shown to be relevant: the Communist Party membership of their parents; and the site (local or non-local) of their *hukou* registration (which is inherited from one's mother but can be changed later).

The relevance of the parents' political status is intriguing – it is the Communist Party membership of the parents rather than that of the young people themselves that was shown to have a positive effect. Two mechanisms might play a role here: 'status inheritance' and 'profit transfer'. In status inheritance, the parents supposedly transfer their political privileges into privileges for their children, for instance by having them recruited into powerful or profitable managerial positions. But considering the nature of the housing reform, profit transfer might better explain the influence of the parents' political privileges. That is, the parents use the profit they gained from the reform – the value appreciation of the heavily subsidized reformed housing – to help their children buy a home. The persistent impact of *hukou* is not negligible. But unlike other research that highlights the role of *hukou* type (rural or urban), this thesis differentiated the influence of the site of one's *hukou*; the farther away one's *hukou* is registered, suggesting a more distant migration, the less likely one is to become a homeowner.

## § 6.2.3 Intergenerational transfer for home ownership

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### 3 How does the expectation of reciprocity affect housing-asset intergenerational transfer in contemporary China, where welfare provisions are not equally distributed among urban and rural residents?

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The intergenerational transfer to facilitate adult children's home ownership is perceived as an exchange of parents' financial support for children's 'generalized support' in the future. In the short term, parents do not expect financial repayment but count on receiving respect and emotional support. In the long term, parents expect reciprocity in any form that is needed and in any form that is available from the beneficiaries. The perception of the nature of this exchange, although not openly discussed in the course of the negotiations, is widespread among parents and young adults. Some young adults, however, choose to refuse or not request financial help from their parents in order to avoid undesirable reciprocity and maintain their autonomy.

Furthermore, there is a difference in the 'adhesiveness' of the intergenerational relationship (Wang, 2008) between families with an urban or a rural background. When rural immigrants make transfers and help their child, often a son, buy a home, they usually move in with the young family and maintain an 'adhesive relationship' with the younger generation – a relationship that consists of the mutual exchange of financial, instrumental, and emotional support. In contrast, when parents with an urban background make a transfer, they often maintain an independent residence and generally expect less (financial) support from their children. This is because the senior generation of urban families would receive more benefits of state welfare (reformed housing, pension, health care insurance, etc.) compared to the senior generation of rural families, which would enable them to maintain a more 'independent relationship' with their adult children. Parents whose background is rural have stronger aspirations (and tend to act more on these) to help their children purchase a home. In their experience, family members are the most reliable resources for welfare.

## § 6.2.4 Intergenerational transfer and gender

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### 4 How and why does the gender of the recipient affect the negotiation of intergenerational transfer on home ownership? and, against this backdrop, what are young women's possibilities for accumulating housing assets?

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In general, intergenerational transfer on home ownership is practiced differently by male versus female adult children. In multi-child families, parents prepare for and transfer assets to sons prior to or at the moment of marriage and provide interest-free loans to daughters upon request. In single-child families, parents would not prepare an asset transfer for their daughters, as they expect their daughter's future husband and his family to do so. Under these circumstances, ownership of housing assets before marriage is much less common among women than among men. And not only do women bring fewer assets into the marriage, they also have a disadvantaged position on the labor market. Therefore, they are not able to accumulate much in the way of housing assets during marriage. Consequently, women who do not hold the title to their family home, i.e. have not registered their name on the property-rights certificate, face the risk of losing access to their family home and their housing assets if their marriage status changes.

Against this background, young women in Chongqing embark on three different pathways to accumulate housing assets, based on their parental resources and their own earning power. When parental help is available, some young women successfully establish independent housing assets before marriage. Importantly, their control over these assets is not subject to changes in their marriage status, which gives them considerable autonomy in the marriage. Without utilizing parental resources, women can still establish co-ownership with their husband by sharing in the mortgage payments. In some cases, a woman can only become a co-owner if the couple buys a second home, as the first one is often purchased by the husband and his parents. Some women, mostly those with a rural immigrant background, do not possess any housing assets. For them, not only is financial help from parents out of reach, but their own earning power is constrained by the fact that they have no help with child care and household chores.

## § 6.2.5 Housing opportunity in post-reform China

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Now let us return to the main research question: What are the key factors determining young people's opportunity to access housing, and how do these factors relate to China's changing institutional background and the market reform?

The main conclusion that may be drawn from this thesis is the following: After the reform, family background and intergenerational transfer become important variables determining young people's housing opportunities. This result is an interactional outcome of institutional changes in the kinship, welfare, and housing systems during the process of the marketization reform. Three institutional changes are particularly relevant: a change in housing tenure provision (from renting, as an occupational welfare benefit, to ownership); a change in the provision of welfare services (from direct provision by work units to purchase on the market); and a change in the gender distribution in education and the labor market. I shall elaborate on these changes one by one.

After the reform, commodity housing, which is housing for sale at a market price, became the predominant housing tenure. Other housing tenures, such as subsidized ownership and public rental, are limited. Moreover, tenants often have less rights regarding secure and continuous occupancy, renovation of the dwelling, and the use of neighborhood facilities. Therefore, the only way for young people who wish to establish a household under independent, stable, and decent conditions is to buy a home and become an owner-occupier. Home ownership, however, requires a big lump sum down payment - at least 30 percent of the total housing price, according to current regulations. As housing prices increase much more rapidly than wages, buying early means better affordability. In this situation, intergenerational transfers enable young people to access home ownership at a relatively young age. Such transfers, which tend to be used for the down payment, are even more important than the young buyer's income from labor (from which the monthly mortgage installments are often paid).

Here is where the change in the Chinese welfare system comes in. The provision of welfare is shifting from the work unit to the market, and welfare services are becoming more expensive. Elderly Chinese people are consequently under pressure to adjust their strategies for securing a pension and care in old age. Investing in ever-appreciating housing property and helping their son(s) to buy a marriage home then becomes a natural reaction and a wise choice. In return, the transferring parents expect support from their children when they need it in old age. From the young adults' perspective, the welfare gap in the parents' generation has been passed down to them and influences their housing opportunity. For example, before the reform, workers in

the public sector had many privileges compared to workers in the private sector, the most salient one being eligibility for reformed housing. Such preferential treatment of public-sector workers no longer exists. But through the intergenerational transfer of assets that had been accumulated by the parents, the divisions of the past still resonate and exert a strong influence on the housing opportunities of the younger generation. In fact, young people's own earning power often becomes of secondary importance in determining their opportunity to access housing.

Since the state has partially retreated from welfare provision, the function of the family is coming back with its traditional style of patriarchy. After the reform, the wage system did not seek to achieve egalitarianism among the workers but instead intended to tie remuneration to the productivity of the worker. This change works to the disadvantage of women, who tend to have less human capital and bear more of the burden of child care and domestic work. And their disadvantage in the labor market in turn strengthens the gender division, with men working outside the family and women working within it. The gender gap in earning power has kept increasing since the beginning of the market reform. Against this backdrop, it has become even more crucial for young women to have resourceful and supportive parents to help them attain home ownership, since are at a disadvantage in earning power through labor-market participation. Yet women tend to receive less support from their parents, as the parents do not assume a reciprocal relationship with their daughter as far as asset transfers and old age support are concerned.

## § 6.2.6 Reflection on methodology and the limitations of this research

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This thesis used mixed methods to address the problem of housing opportunity and its relationship to the dramatic housing tenure transition in just three decades. The stepwise inquiry went from proposing the hypothesis (on the basis of a review of policy changes), testing the hypothesis and identifying key variables (by applying quantitative methods to nationally representative data), to explaining the mechanisms (by qualitative methods in one city). Since housing research on young Chinese people is relatively rare in the English-language literature, the aim was to find a reasonable balance between the breadth and depth of the research by using mixed methods. A policy review elucidated the potential impact of certain policy and institutional changes. Through quantitative modeling, the significance of certain explanatory variables was identified at the national level. A case study with qualitative methods contributed to the in-depth understanding of the mechanism behind these explanatory variables.

This research used cross-sectional data and cross-sectional regression analysis to identify the key factors that determine young people's opportunity to access home ownership. It was the first study to apply market transition as an explanatory variable for young people's housing opportunities (a similar attempt for the whole urban population was made by Xie et al., 2013). And this study was also the first on this subject to examine market transition theory by taking into account the intergenerational effect of the redistributive variables. Nonetheless, there are some drawbacks to the methodology applied here. In fact, by its very nature, people's housing opportunity can only be studied with datasets and methodology that capture changes over time as well as the dynamics of that period. This drawback was partially offset by the in-depth qualitative inquiry, whereby retrospective data was collected in one city. A systematic understanding of Chinese young people's housing opportunities will be more accessible as longitudinal datasets become available in the future.

Unlike previous studies that also investigated the nature of intergenerational transfer on home ownership using qualitative methods (Fincher, 2014; Zhong, 2014), this one went beyond explaining why parents make intergenerational transfers that contribute to their children's home ownership. By including participants with various family, welfare, and housing backgrounds, it drew a comprehensive picture of how the three backgrounds interact with each other and jointly shape young people's housing opportunity. Still, due to practical constraints, parents who did not migrate with their children to Chongqing were not included in the interviews. It would have been better to have direct input from this group instead of relying on their children's interpretation of their opinions.

Judging from studies conducted in other regions (for example, Fincher, 2014 in Beijing; Zhong, 2014 in Guangzhou), the trends in intergenerational transfer with implications for home ownership and reciprocity that have been described and interpreted in this thesis are occurring elsewhere in China. Nevertheless, it should be taken into account that the economic development, the severity of competition in the housing market, the culture, and the policy interventions are different across the cities and regions. Therefore, local variations in these trends are certainly possible. A future comparative study within China could shed light on such geographical differences.

## § 6.3 Theoretical implications

This section returns to two theories and discusses the implications of the research, starting with the theory underpinning chapters 2 and 3: market transition theory. Then the focus shifts to the framework of housing, welfare, family, and gender (introduced in chapter 1 and empirically examined in chapters 4 and 5), leading to a discussion of two different types of social coordination.

### § 6.3.1 Market transition theory and housing opportunity

The market transition theory, which was proposed by Victor Nee in 1989, triggered a series of investigations and debates about how market transition affects social stratification in China (Nee, 1989, 1991, 1996; Nee & Cao, 1999). In short, Nee argued that, in reforming a socialist economy to a market one, the transition from redistribution to market coordination shifts sources of power and privilege to favor direct producers relative to redistributors. Nee used the income survey from rural China held in 1985 to support his claim. One element of the market transition theory is the ‘market opportunity thesis’, which states that the shift to market coordination gives rise to new opportunity structures centered on the market place, changing the manner in which structural constraints affect socioeconomic outcomes. In other words, direct producers (peasants, workers), in comparison to redistributors (public servants and political elites), have better ‘income opportunities’ after the market transition: whoever directly participates in production and produces more valuable goods for market exchange should have a higher income.

However, further studies from the 1990s sketched a different picture, which led Nee to assert that “the shift from redistribution to markets gives rise to different mechanisms of stratification” (Nee, 1996). Bian and Logan (1996) studied two big cities where they found that party members and people with redistributive authority in their jobs actually had a greater income advantage in 1993 than they did at the beginning of the reform period in 1978. The incentive structures differed across sectors, varying by the extent to which “the institutional logic of a market economy permeates and transforms the pre-existing framework” (Nee & Cao, 2005, p. 47). The pre-existing framework includes policy preferentialism in different regions, industries, types of ownership (state, collective, private, foreign, etc.), and work units (Wang & Wang, 2005). Consequently, income opportunity (the monetary return on human capital and hard work) is restricted by the path dependence of these four institutions and institutional changes.

Other things being equal, employees in favored regions, industries, sectors, and work units have better income opportunities (higher return on human capital and hard work) than employees in neglected regions, industries, sectors, and work units.

Housing inequality is treated by some sociologists as a separate indicator of change in the opportunity structure when they evaluate the market transition (Zhou & Logan, 1996; Li & Yi, 2007). Before and even during the reform, housing was not allocated exclusively according to the market mechanisms based on income. Work units act as direct providers of housing resources. Therefore, workers in powerful work units – resorting under state-owned enterprises or higher-tier governments – had better opportunities to access good-quality housing than workers employed elsewhere. Their better housing opportunities were represented by the exclusive eligibility to rent welfare housing in the welfare period (1978-1998) and the opportunity to buy reformed housing in the dual period (1999-2011). But this opportunity differential largely disappeared during the market period (1999-2010), when the provision of welfare housing and reformed housing by work units was officially ended. For young residents who were entering the housing markets in the 2000s, a stronger correlation between income and housing opportunity was expected, according to the logic of the market. Nevertheless, that is not how it worked out.

In the transition from socialism to ‘socialism with Chinese characteristics’, there was a transition from ‘collectively owned’ to ‘privately owned’ wealth. During the rapid growth of the ‘market economy with Chinese characteristics’ - or as scholars prefer to call it, ‘state capitalism’ - the wealth accumulated in Chinese society has appreciated strongly. There are three ways to accumulate wealth: saving, inheritance, and asset appreciation. Saving is the primary source of wealth accumulation, and asset appreciation is the major instrument of widening the gap between the asset-rich and the asset-poor. The accumulation of private wealth took off in the second half of the 1990s. Since then, various means of investment came into the Chinese family’s life, notably stocks, funds, bonds, and real estate (Wang, 2013). As the market transition matures, the social stratification system in China is moving from the income disparity common in the reform generation to the wealth disparity seen in the post-reform generation. The driver of social stratification is shifting away from the opportunity for earning to the opportunity for accessing wealth (Wang, 2013). The wealth and consumption gap among families deepens the inequality in the life chances of its members, for example regarding health and education (human capital). It also creates social segregation and reproduces inequalities between generations (as a consequence of intergenerational transfers). In other words, the social stratification based on wealth and consumption, a status that is easier to inherit than earning power, may perpetuate social inequality in China (MacLennan & Miao, 2017).

A housing system emphasizing home ownership is a component of a perpetually stratified society. Home ownership sets a threshold for accumulating (housing) assets and increases the wealth gap between home owners and renters. The threshold for home ownership was relatively low at the beginning of the reform, when house prices ranged from several hundred to a couple thousand Yuan. House buyers in the 1990s could acquire property by borrowing money from relatives or pay the 30% down payment (the minimum) and take out a mortgage loan for the rest. Two decades later, however, house prices had become extremely high, making it almost impossible for young people to buy a home without having wealthy parents that contribute to the down payment. And the situation continues to worsen, since house prices keep increasing much faster than wages or revenues on savings. Things are different for those who have parents helping them, mostly by gift-giving and in some cases by providing interest-free loans. After purchase, these young adults can accumulate housing wealth, whereas renters keep paying their landlords and do not accumulate any housing wealth. If China's post-reform housing system would not have concentrated on owner-occupation and would have given an equal market position to rental and owner-occupied housing, the situation might have been different.

### § 6.3.2 The interconnectedness of housing, welfare, family, and gender

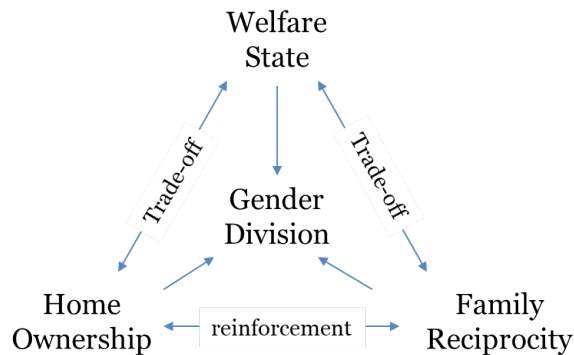


FIGURE 6.1 The framework of social coordination

Kship and welfare states, and it was given empirical support by Castles' work on 20 OECD countries (Castles & Ferrera, 1996). In countries where the home ownership rate is high (so-called home ownership societies), public spending on pensions and social protection is relatively low. From the household's perspective, this trade-off exists

because the high housing costs in the earliest phases of ownership prevent the labor force from contributing the large amounts of tax revenue that are needed for setting up an extensive welfare state. From the government's perspective, the more of the public budget that is spent on promoting home ownership (through tax relief on mortgage loans or subsidies), the less would be left for social expenditure and to provide social housing. In this respect, it should be noted that home ownership societies need less money for social expenditure because home ownership can act as a substitute for state-provided welfare services.

This thesis has brought another dimension of the trade-off into this analysis: the trade-off between welfare states and intergenerational dependence. In countries where a functioning system of pensions and social security is in place, the generations of a family can be more independent from each other. When the welfare state provides pensions as well as state-funded care homes and care help, its senior citizens can be independent from their adult children.

It is also relevant to consider gender division when evaluating a society's position in the triangle formed by housing, the welfare state, and intergenerational relationships. In traditional societies, families and kinship are the main welfare providers and distributors of life chances. Traditionally, properties and wealth are passed down patrilineally and females can take possession of those properties as a member of the males' household. After the welfare system was established, there was a tendency for both the gender division in domestic affairs and the gender inequality caused by the family system to decline. A welfare state offers male and female members of a society more equal opportunity to gain economic independence, thanks to the provision of public education and services for child and elderly care. But, depending on the welfare state regime (Esping-Andersen, 1990), the welfare state itself can also contain elements of gender division. Particularly in countries with a conservative-corporatist tradition, the welfare state tends to function as a system that redistributes welfare to male workers. This may imply that a woman who performs unpaid domestic work can only access public benefits as a dependent of a male paid worker (Orloff, 1993).

Based on the trade-offs between housing and the welfare state on the one hand and welfare state development and intergenerational reciprocity on the other -- the trade-offs that were reflected in the research findings presented in this thesis -- I would argue that home ownership reinforces intergenerational reciprocity (see Figure 6.1). My argument runs as follows. In a society with a concurrence of home ownership dominance and a limited welfare state, financial transfer and reciprocity between different generations in the family is common practice. Two mechanisms play a role here. First, because young adults have to buy a home to establish their new household and it is too expensive for them to do so, parents will transfer wealth

to help them become a home owner. The second mechanism is returning the wealth stored in the children's home to the parents in case they need support in old age, for example if there is not enough pension income from the public redistribution system. Of course the situation depends on the financial ability of the two generations and the relationship between them. If one generation is much better off than the other, the better-off generation can afford to help the other without needing compensation.

Due to a scarcity of international comparative data on housing transfer, the hypothesis derived from my argument cannot be systematically tested at this moment. My qualitative research has revealed the underlying mechanisms of this intergenerational dependence. Due to the differences in state welfare provision between urban and rural areas (represented by the divergent welfare eligibility of residents with an urban versus a rural *hukou*), parents with a rural background demonstrate a stronger tendency to help their children purchase a home and they are also more likely to expect reciprocity. Intergenerational transfers for the purpose of accessing home ownership are prevalent in China and the transactions are often explained in cultural terms. The same goes for similar transfers in Southern and Eastern Europe. But here, in this thesis, a crucial distinction is made. I argue that this phenomenon is shaped by the institutional configuration that is characterized by a housing system focused on private ownership and a limited welfare state. Claiming it to be an institution-embedded social practice rather than merely an embodiment of 'Chinese culture' is helpful for understanding the social dynamics under market reform and for predicting their development in the future.

Based on the conceptual framework and the explanation of this framework that I have given so far, I can present two ideal types of social coordination (Figure 6.2). Type I is characterized by adhesive intergenerational relationships between generations (intensive exchange in financial, instrumental, and emotional support), a tenure-biased housing system (with a dominance of home ownership), a residual welfare state, and division of gender roles. Type II is characterized by independent intergenerational relationships (limited exchange for emotional support), a tenure-neutral housing system (with adequate provision and comparable rights in the rental and home ownership sector), a generous welfare state (to both old and young), and no gender division. Type II, which I call social coordination, differs from Type I in that part of the resources (income and wealth produced by citizens) is derived beyond the bounds of the family and is redistributed on a larger scale (state, pension fund entity, etc.). This scaling-up of the coordination helps modern states to facilitate investment and development, offset risks, and improve the well-being of the population. Each country has its own specific configuration of the four dimensions, which eventually merge to form different styles of social coordination.

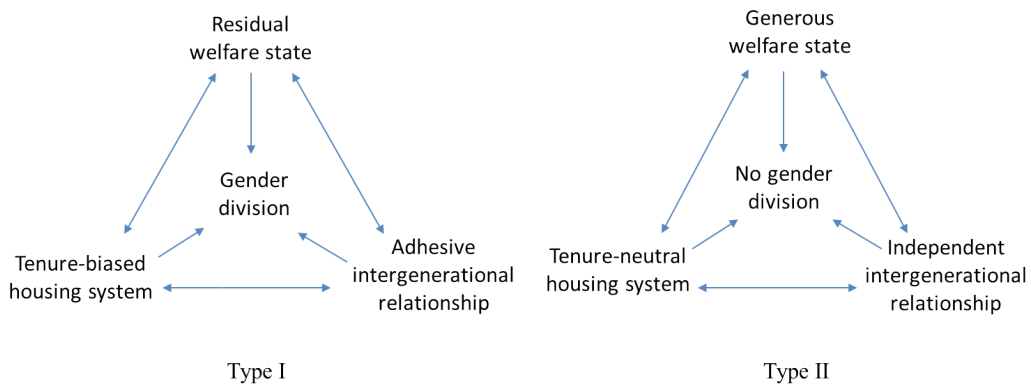


FIGURE 6.2 Two types of social coordination

As described in chapter 1, during the transition from traditional feudal societies to industrialized modern societies, the ambition to provide state welfare, public housing, and more gender equality was achieved to varying degrees. In this regard, some countries position themselves close to Type I, others close to Type II, whereas there are also countries somewhere in between. The exact path and resulting form of social coordination – or ‘welfare system’ in this context – is shaped by processes of political struggle and class coalition-forming (Esping-Andersen, 1990). Institutional arrangements and policies to tackle the housing and welfare problems of the working class were initiated in Western capitalist countries at the end of the nineteenth century and continued after the Second World War. Eventually, social inequality declined between 1919 and the 1980s (MacLennan & Miao, 2017). Since the 1980s, neoliberal ideology has dominated global policy. Consequently, the policies of state-led redistribution and welfare generosity have been superseded by a trend toward private wealth accumulation and a residual welfare system. In other words, the Western developed world is showing a tendency to move from Type II to Type I under its neoliberal policies. Nevertheless, significant differences between countries remain.

The process of developing a welfare state, providing public housing, and promoting gender equality started much later in China. The welfare system in P.R. China was formally initiated in the 1950s and was arranged in the soviet style, which limited its social (and housing) benefits to state officials and workers. The promise to provide extensive social welfare was hampered in the course of developing a market economy because the state shifted its priorities towards economic growth. The construction of an inclusive welfare system that would place services for urban and rural residents on the same level, and the development of a tenure-neutral housing system in which owners and tenants enjoy equal housing rights were two of the ambitions set forth

in 2006 by the Communist Party of China. Action plans and programs to meet this goal by 2020 were established (CPC, 2006). But at the time of writing this thesis, and particularly at the time of the research was conducted, the level of social coordination in China could best be described as Type I. The connections described in the empirical chapters (3,4,5) provide a clear underpinning for this attribution.

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## § 6.4 Future research agenda

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### § 6.4.1 Housing opportunity and pathway studies

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In this dissertation, I have discussed the concept of housing opportunity and examined it in the context of young Chinese people during three decades of housing reform. The consciousness of the problem underlying this research runs deeper than an awareness of the poor housing conditions of young people. It is grounded in a concern about the opportunity structure which would enable young people to fulfill their potential and use their abilities to achieve a better housing outcome. In light of this concern, the scope of the study was broadened to give the interaction between housing and other institutions in society due attention. The research approach was inspired by Clapham's conceptualization of 'housing pathways' (2002), which brought an agent-oriented perspective on identity, life-course planning, and strategy into the housing system analysis of constraints and opportunities. This dissertation has positioned the study of young Chinese people's current housing opportunity at the intersection of the constraints and opportunities created by housing tenure reform and the strategic planning of Chinese families utilizing intergenerational reciprocity. Due to the unavailability of data, it was not possible to conduct a longitudinal analysis, which is usually required for investigating housing history or housing pathways. But it would be highly desirable for the analysis of young people's housing opportunities, as a longitudinal analysis takes into account the effect of time and of resource accumulation. With the start of several longitudinal surveys on Chinese households, such an analysis will be possible in the future.

The most preferable methodology for studying housing pathways follows a three-step routine and applies sophisticated techniques at each step (Clapham, Mackie, Orford, Thomas, & Buckley, 2014). It starts by identifying and describing the key factors

shaping the housing pathways of young people. In this dissertation, I focused on the institution of the work unit, on the *hukou*, housing tenure policies, and welfare policies. But there are many other factors at the macro level that may shape the opportunity structure of accessing housing. To name a few, these included industrial upgrading, urbanization, migration, employment policy reforms, and demographic changes. For future research, we could consider questions such as the following. Would rapid technology development and industrial upgrading place more pressure on flexible housing strategies entailing more frequent relocation? Does the creation of new industries expand the urban territory and thereby open up more opportunity to young people? Or does it make the housing market more competitive? Does migration to another city improve one's housing opportunity? What is the impact of the abolition of the one-child policy? How does an ageing population affect housing opportunity?

The next step is to construct a typology of young people's housing pathways by combining a large sample of longitudinal statistical data and a small sample of interviews. After the prevalence of each pathway is known for the sample, the researchers can extrapolate the distribution to the whole population in the third step. This method would allow researchers to identify a significant combination of data on housing and life course or career course and then calculate the estimated size of the group. Thereby, we might be able to discern how many people start their married life in the parental home, how many as independent home owners, and how many in the rental sector. How long would it take for a couple to move into home ownership after marriage if they could not do that beforehand? Do poor housing opportunities prevent young people from pursuing a romantic relationship and thus lead them to delay family formation? Do poor housing opportunities discourage young couples from raising a second child, regardless of the abolition of the one-child policy? How does housing opportunity affect the location choice of young people's first job? Does home ownership discourage young people from moving to a place with better career opportunities? Does people become averse to entrepreneurship if they bear a heavy housing mortgage burden?

## § 6.4.2 The social coordination of housing, welfare, family, and gender

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Kemeny has called for more theoretically grounded housing studies as a point of departure for unraveling "the complex relationship between housing welfare and other forms of welfare" and the relationship between "housing and the wider social structure in which it is embedded" (Kemeny, 1992: 81). My conceptualization of the interconnectedness of home ownership, the welfare state, family reciprocity, and the

gender gap (Figure 6.1) is an attempt to take up this challenge. The configuration of these four dimensions at a given time is what I called social coordination. It is important to note that this configuration is a self-perpetuating dynamic process unless any of the four systems had completely broken down. And the geographic scope of this coordination depends on the range of administration or homogeneity of the systems, so coordination does not necessarily follow one single pattern in one country.

I have constructed this framework on the basis of a study applying a qualitative, historical approach focused on a single country, in this case China. For future research, the explanatory power of this conceptualization could benefit from statistical testing of hypotheses derived from it. A comparative analysis within China would be insightful. Previous comparative studies on housing and welfare were mainly carried out in European industrialized countries, where housing and welfare regimes were explained along the lines of labor movement theory. According to the (European) labor movement theory, a country's welfare and housing regime is mainly influenced by the ideology of the political party or coalition that is the successor to the labor movement (Esping-Andersen, 1990; Kemeny, 1992). A comparison between regions and cities within China would rule out the influence of formal ideology, as the cases would all resort under the same system. Furthermore, comparison within China would shed light on the impact of other variables, such as stage of development, population structure, pension coverage and generosity, housing tenure and affordability, and culture. Some possible questions might include the following. Does the intensity of intergenerational reciprocity correlate with a higher percentage of the aging population and a lower coverage and generosity of pensions? In regions with a relatively weaker culture of bride price, is there a higher share of women owning housing property and having higher status at home?

It would also be interesting to trace the development of social coordination in Western developed countries. Will the financial pressure on welfare states affect the pattern of intergenerational independence, thereby encouraging intergenerational reciprocity there too? We have witnessed an increase of parental help in adult children's home ownership in the UK and Australia. Will this trend expand to affect a wider group of young adults in these countries? Will this trend spread even more widely, affecting continental European countries that used to have relatively tenure-neutral housing systems but are now turning in the direction of a home ownership society?

### § 6.4.3 Policy updates and housing opportunity

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In 2016, the Chinese state council release a decree to support the development of the rental housing market. The goal was to develop a tenure-neutral housing system – a system that supports both renting and home ownership (State Council, 2016; MHURD et al, 2017). In order to achieve this goal, future policy making will cultivate market entities that provide rental housing (rental housing companies, real estate developers, rental housing agencies, and individual landlords). The government will encourage the consumption of rental homes through subsidies, by providing public facilities to tenants, as well as by regulating contracts. It will also increase the provision and the quality of public rental housing. In response to the subsequent policy guidance, 12 cities developed strategies based on their own situation. Support for rental housing is mostly concentrated on first-tier cities, which are at risk of losing young talent because of the severe affordability problems in the home ownership market, and on second-tier cities, which are trying to attract young talent by offering better housing services. How will these policies affect young people’s housing opportunity in the future? Will a more tenure-neutral housing system emerge in some cities? How will such a tenure-neutral housing system affect intergenerational reciprocity and gender relations within the households?

Moreover, the welfare provisions for rural residents have been catching up over the past decade. A basic health care insurance and pension system had been established in 2002 and 2009 respectively. These programs reached a coverage of 96.5 and 85 percent of the population respectively in 2005-06 (National People’s Congress, 2008a, 2008b; State Council Information Office, 2017; Ministry of human resources and social security, 2017). It will probably take more than another decade, if it is ever possible, to level out the welfare gap between urban and rural residents. But at least there is some perspective for rural communities; relying on the pension program and the accumulation of private assets rather than on reciprocity from adult children has become an option for them. Will this option decrease the motivation of a family with a rural background to invest in intergenerational transfer for the sake of children’s home ownership and reciprocity? Will the propensity to engage in intergenerational reciprocity among families with an urban or rural background converge with the level found in cities and regions where the gap in the provision of welfare benefits is smaller? Answering these questions would increase our understanding of the relationship between housing and the wider social structure in which it is embedded.

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# Appendix:

## Information on research participants

TABLE APP.1.1 Information on research participants - young adults

| CASE N.            | SEX | AGE | LOCAL/ MIGRANT | EDUCATION* | OCCUPATION           | OCCUPATIONAL SECTOR | MARRIAGE** | INCOME LEVEL*** | ASSET LEVEL**** | RURAL/URBAN BACKGROUND | ONLY CHILD | HOUSING EXPERIENCE***** | AGE AT FIRST HOME OWNERSHIP | HOUSING VALUE PAID BY PARENTS(%) |
|--------------------|-----|-----|----------------|------------|----------------------|---------------------|------------|-----------------|-----------------|------------------------|------------|-------------------------|-----------------------------|----------------------------------|
| 00                 | M   | 35  | M              | M          | Associate professor  | education           | m          | 3               | 3               | u                      | n          | D-P                     | -                           | -                                |
| 0-Locals           |     |     |                |            |                      |                     |            |                 |                 |                        |            |                         |                             |                                  |
| 01                 | M   | 30  | I              | B          | Teacher              | education           | m          | 2               | 3               | u                      | y          | P-OP                    | 28                          | 50                               |
| 02                 | F   | 34  | I              | B          | Administrative staff | private company     | rm         | 3               | 3               | u                      | y          | P-M-P-O                 | 33                          | 0                                |
| 03                 | F   | 32  | I              | B          | Manager              | finance             | d          | 3               | 5               | u                      | y          | P-O                     | 25                          | 33                               |
| 04                 | M   | 40  | I              | B          | Engineer             | manufacturing       | d          | 2               | 4               | u                      | y          | P-SO-P-O                | 29                          | 0                                |
| 05                 | F   | 31  | I              | M          | Civil servant        | government          | m          | 2               | 4               | u                      | y          | M-SO                    | 30                          | 0                                |
|                    | M   | 33  | I              | B          | manager              | Health care         | -          | -               | -               | u                      | y          | (O-SO)                  | 22                          | 30                               |
| 06                 | M   | 32  | I              | B          | Administrative staff | Journalism          | m          | 2               | 5               | u                      | y          | P-SO                    | 27                          | 30                               |
|                    | F   | 32  | L              | B          | Civil servant        | government          | -          | -               | -               | u                      | y          | (MP-SO)                 | -                           | -                                |
| 07                 | M   | 31  | I              | B          | Manager              | retail              | m          | 1               | 3               | u                      | y          | P-O-P                   | 21                          | 20                               |
| 08                 | M   | 41  | I              | B          | Business co-owner    | financial service   | m          | -               | -               | u                      | y          | P-D-P-O                 | 34                          | 0                                |
| 1-Urban immigrants |     |     |                |            |                      |                     |            |                 |                 |                        |            |                         |                             |                                  |
| 11                 | M   | 41  | m              | B          | Manager              | real estate         | m          | 3               | 5               | u                      | y          | P-O-O                   | 26                          | 0                                |
| 12                 | M   | 37  | m              | B          | Engineer             | manufacturing       | m          | 2               | 4               | u                      | n          | SR-SR-SR-O              | 26                          | 30                               |
| 13                 | F   | 34  | m              | B          | Designer             | design              | m          | 3               | 4               | u                      | y          | R-R-R-P-O-M-R           | 28                          | 30                               |
| 14                 | F   | 32  | Im             | B          | Accountant           | auto sales          | s          | 1               | 3               | u                      | y          | R-O                     | 25                          | 98                               |

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TABLE APP.1.1 Information on research participants - young adults

| CASE N.            | SEX | AGE | LOCAL/ MIGRANT | EDUCATION* | OCCUPATION                   | OCCUPATIONAL SECTOR    | MARRIAGE** | INCOME LEVEL*** | ASSET LEVEL**** | RURAL/ URBAN BACKGROUND | ONLY CHILD | HOUSING EXPERIENCE***** | AGE AT FIRST HOME OWNERSHIP | HOUSING VALUE PAID BY PARENTS(%) |
|--------------------|-----|-----|----------------|------------|------------------------------|------------------------|------------|-----------------|-----------------|-------------------------|------------|-------------------------|-----------------------------|----------------------------------|
| 15                 | F   | 36  | m              | M          | Urban planner                | state-owned enterprise | m          | 5               | 5               | u                       | y          | SR-M-R-R-R              | 35                          | 0                                |
|                    | M   | 36  | m              | B          | Urban planner                | state-owned enterprise | -          | -               | -               | u                       | -          | (D-O-R-R-R)             | 35                          | 0                                |
| 16                 | M   | 42  | m              | MS         | Business owner               | tourism                | rm         | 3               | 4               | u                       | n          | HL-R-R-O-R-R-O          | 30                          | 0                                |
| 2-Rural immigrants |     |     |                |            |                              |                        |            |                 |                 |                         |            |                         |                             |                                  |
| 21                 | M   | 36  | m              | B          | Business owner               | design                 | m          | 4               | 5               | r                       | n          | R-O-O                   | 26                          | 10                               |
|                    | F   | 36  | m              | B          | Business owner and housewife | design                 | m          | -               | -               | r                       | n          | (R-O-O)                 | 26                          | 0                                |
| 22                 | M   | 35  | lm             | M          | Artist                       | self-employed          | m          | 1               | 4               | r                       | y          | R-R-R-OP-SO-R           | 26                          | 70                               |
|                    | F   | 31  | lm             | B          | Housewife                    |                        | m          | -               | -               | r                       | n          | (R-SO-R)                |                             |                                  |
| 23                 | F   | 28  | lm             | M          | Engineer                     | manufacturing          | m          | 2               | 1               | r                       | n          | R-R-R                   | -                           | -                                |
| 24                 | M   | 32  | lm             | B          | Engineer                     | manufacturing          | ms         | 1               | 2               | r                       | n          | SR-R-PRH                | -                           | -                                |
| 25                 | M   | 24  | lm             | MS         | Taxi driver                  | taxi                   | m          | 1               | 4               | r                       | n          | PR-O                    | 18                          | 70                               |
| 26                 | F   | 30  | lm             | MS         | Beauty salon worker          | service                | m          | 2               | 1               | r                       | n          | D-D-SR-SR-SR-R-R        | -                           | -                                |
| 27                 | M   | 25  | m              | MS         | Hairdresser or co-owner      | service                | m          | 2               | 1               | r                       | n          | D-O-P-D-D-R             | -                           | -                                |
| 28                 | M   | 24  | m              | MS         | Hairdresser or co-owner      | service                | s          | 1               | 2               | r                       | n          | O-P-D-R-D-D-SR-SR-D-D-D | -                           | -                                |

Notes: \*N=no formal education, MS=middle school and equivalent, HS=high school and equivalent, B=bachelor's degree and equivalent, M=master's degree and higher

\*\* m=married, d=divorced, rm=remarried, ms=married but separated, s=single.

\*\*\*Personal or couple (if married) annual income, Chinese Yuan, 1=below 50,000, 2=50,000-100,000, 3=100,000-500,000, 4=500,000-1,000,000, 5=above 1,000,000, n=no answer.

\*\*\*\*Personal or couple (if married) total assets, Chinese Yuan, 1=below 50,000, 2=50,000-100,000, 3=100,000-500,000, 4=500,000-1,000,000, 5=1,000,000-5,000,000, 6=above 5,000,000, n=no answer.

\*\*\*\*\* P=parents, O=owner, SO=shared owning with partner, OP=own together with parents; M=marriage home owned by partner, MP=owned by partner's parents, D=danwei housing/dormitory, R=rent, SR=shared rent, PR=rent by parents, PRH=public rental housing, HL=homeless.

TABLE APP.1.2 Information on research participants – parents

| CASE N. | SEX | AGE | LOCAL OR MIGRANT | EDUCATION* | OCCUPATION                                  | INCOME** | ASSET LEVEL*** | RURAL OR URBAN BACKGROUND | ONLY CHILD | INTERGENERATIONAL TRANSFER IN CHILD'S HOME(%) | RELATIONSHIP WITH OTHER PARTICIPANTS |
|---------|-----|-----|------------------|------------|---------------------------------------------|----------|----------------|---------------------------|------------|-----------------------------------------------|--------------------------------------|
| P1      | F   | 58  | I                | HS         | Retired as an administrative staff employee | 2        | 5              | u                         | y          | Planned(<20%)                                 |                                      |
| P2      | M   | 60  | I                | B          | Retired as an engineer                      | 2        | 5              | u                         | y          | Planned to lend                               | Wife of P1                           |
| P3      | F   | 54  | I                | B          | Housewife                                   | -        | 6              | u                         | y          | Planned (100%)                                |                                      |
| P4      | F   | 61  | I                | HS         | Retired as a sales employee                 | 2        | 3              | u                         | y          | Planned (<10%)                                |                                      |
| P5      | M   | 61  | I                | HS         | Retired as a worker                         | 2        | 5              | u                         | y          | 50%                                           | Father of 01                         |
| P6      | F   | 59  | I                | B          | Anesthetist                                 | 2        | 5              | u                         | y          | 33%                                           | Mother of 03                         |
| P7      | F   | 53  | Im               | MS         | Manager                                     | 2        | 4              | u                         | y          | 100%                                          |                                      |
| P8      | F   | 55  | Im               | N          | Waitress                                    | 1        | 2              | r                         | n          | <10%                                          |                                      |
| P9      | F   | 49  | Im               | MS         | Taxi driver                                 | 2        | 4              | r                         | y          | 100%                                          |                                      |

Notes: \*N=no formal education, MS=middle school and equivalent, HS=high school and equivalent, B=bachelor's degree and equivalent, M=master's degree and higher

\*\* Personal or couple (if married) annual income, Chinese Yuan, 1=below 50,000, 2=50,000~100,000, 3=100,000~500,000, 4=500,000~1,000,000, 5=above 1,000,000, n=no answer.

\*\*\*Personal or couple (if married) total assets, Chinese Yuan, 1=below 50,000, 2=50,000~100,000, 3=100,000~500,000, 4=500,000~1,000,000, 5=1,000,000~5,000,000, 6=above 5,000,000, n=no answer.



# Curriculum vitae

Wenjing Deng was born in Chongqing, an industrial city in the southwest of China, and attended Chongqing Railway High School between 1999 and 2002. In 2006 she obtained a bachelor's degree in landscape architecture from Beijing Forestry University and then went on to work as a landscape designer and urban planner in Chongqing and Shanghai. In 2010 she returned to university, pursuing a master's program in urban planning and specializing in urban development strategies at Tongji University in Shanghai. In 2013 she started her PhD study in the Netherlands at Delft University of Technology, where she has been working on the topic of young people's housing opportunity in post-reform China. While preparing her PhD thesis, Wenjing has co-authored several journal articles.

## List of published articles contained in this dissertation

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- **Deng, W. J.**, Hoekstra, J. S. C. M., & Elsinga, M. G. (2017). Redistribution, Growth, and Inclusion: The Development of the Urban Housing System in China, 1949-2015, *Current Urban Studies*, 5(4), 423-443
- **Deng, W. J.**, Hoekstra, J. S. C. M., & Elsinga, M. G. (2016). The changing determinants of homeownership among young people in urban China, *International Journal of Housing Policy*, 16(2), 201-222
- **Deng, W. J.**, Hoekstra, J. S. C. M., & Elsinga, M. G. Reciprocity in Intergenerational Transfer of Housing Assets: A case study in Chongqing, China. (Under review)
- **Deng, W. J.**, Hoekstra, J. S. C. M., & Elsinga, M. G. Why Women own less housing assets in China? The role of intergenerational Transfers, accepted by *Journal of Housing and Built Environment*. doi: 10.1007/s10901-018-9619-0

## Prior publication

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- **Deng, W. J.** (2012). Spatial Distribution, Evolution and Driving Force of the Floating Population of Chongqing Municipality during 2000-2010, 6th International Association for China Planning Conference (IACP), Wuhan, China.

