

Housing Inequality in Transitional Beijing

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Extended Abstract

China, formerly one of the most egalitarian societies in the world, is becoming one of the most unequal societies in the world, and housing inequality is one of the most significant and visible aspects of social inequality. Wealthy “gated communities” with multi-million dollar villas and dilapidated “migrant enclaves” with crowded shacks are now emerging side-by-side in Chinese cities. In addition to providing a conceptual framework to understand housing inequality in transitional China, this paper studies the patterns and dynamics of housing inequality in Beijing, using the 1995 1% Population Survey and the 2000 Census data. We argue that there is significant and increasing housing inequality in Beijing. Both socialist institutions such as the persisting hukou system and market mechanisms contribute to housing inequality, and the latter become more important in 2000 than in 1995 as a result of the market reform.

The empirical analysis consists of three parts. First, we examine the patterns of housing inequality in several dimensions (floor space, number of rooms per person, facilities, building type, year of construction, tenure, housing source, and housing cost) across household head’s socio-economic (education and occupation) and institutional indicators (hukou status and political status). The preliminary analysis shows there is significant housing inequality between people with different education, hukou and political statuses in both 1995 and 2000. People with the most education (college +) consume the largest and the best facilitated housing. While migrants with urban hukou have similar housing conditions to those with permanent urban hukou, migrants with rural hukou consume about half of floor space of those with permanent urban hukou, and few of them live in dwellings with good facilities. Political status is also important as officials consume larger and better housing than others. In addition, better educated people and officials are more likely to be homeowners, while migrants, especially those with rural hukou, are much less likely to be homeowners than local residents. A set of ANOVA will be conducted to see if these observed inequalities are significant.

Second, Theil’s T statistic will be calculated for all dimensions of housing consumption to measure the degree of housing inequality, and corresponding T statistics for 1995 and 2000 will be compared. We expect larger housing inequality in 2000 than in 1995.

Third, to test our hypotheses on housing inequality, two sets of multivariate regressions will be conducted. The first set includes three OLS regressions, with floor space (m^2), number of rooms, and facility index as dependent variables, respectively. The independent variables include socio-demographic (age, age^2 , marital status, education, occupation, household size, household composition, number of birth last year, number of workers in the household) and institutional indicators (hukou, and number of

officials in the household). The second set includes four logistic regressions with housing tenure (1=own, 0=rent), housing source (1=private, 0=public), and building type (1=multi-stories, 0=bungalows) as dependent variables, respectively. Independent variables are the same as those in OLS regression. The socio-demographic variables in both OLS and logistic regressions aim to test the market hypothesis that households with higher socio-economic status are more likely to own their dwellings, and more likely to occupy large, better dwellings from the private sector. It is expected that age has a positive but curvilinear effect on dependent variables. Education, occupation, household size and the number of workers are expected to have positive effects. Variable “hukou” will test the hukou inequality hypothesis, and it is expected that temporary rural hukou has negative effects on all dependent variables except housing source. Variable “officials” is to test the political status hypothesis that people with higher political status tend to live in larger and better dwellings and it is expected to be positive in all models. By comparing explained variance of each variable in the corresponding models for 1995 and 2000, we can test the transition hypothesis that socioeconomic factors are more important (explain more variance) and institutional factors are less important to housing consumption in 2000 than in 1995.

By using the latest housing data that is only available to a few scholars, this paper is among the first attempts to systematically understand housing inequality in Chinese cities. It will help us to better understand rising social inequality in transitional China.