The History and Development Logic of China's Urban Housing Security System Since the Reform and Opening-up

-- Based on the Paradigm of Historical Institutionalist Analysis

Yuanyuan Zhu
School of Public Administration, Sichuan University, Chengdu, 610065, China

Abstract: Housing is an important issue related to people's basic needs for survival, social stability and development. Most studies have focused on the forms of protection and institutional improvement of the urban housing security system, but few have analysed it from the perspective of institutional change. Based on the paradigm of historical institutionalism analysis, it is found that since the reform and opening up, the system has gone through four different stages: strengthening government subsidies, emphasising provident fund services, emphasising demand-side reforms and returning to housing attributes. The obvious incremental benefit effect at the economic, social and political levels, stakeholder participation, the formation of interest subsidies, emphasising provident fund services, emphasising demand-side reforms and returning to housing attributes. The introduction of housing security policies, the movement of a large number of rural residents and the idea of "housing is not for speculation" are the key points in the evolution of the system, and the interplay of these internal and external contradictions has driven the evolution and progress of the urban housing security system.

Keywords: New Urbanization; Urban Housing Security System; Urbanization; Historical Institutionalism.

1. Introduction

Since 1978, as of 2022, China's urbanization rate has increased from 17.92% to 65.22%, and the urban population has increased from more than 200 million to 900 million (Source: National Statistical Office, Statistical Bulletin of National Economic and Social Development 2022.). However, the development of new urbanization should not only focus on the quantity, but also on the quality of development. In the next 20 to 30 years, we should focus on solving the problem of "urbanization of people", so that the urban population can be truly integrated into the city. The 18th CPC National Congress clearly puts forward "new urbanization" for the first time at a strategic level, fully reflecting that new urbanization is an effective path to better meet the people's needs for a better life. With the change of the main contradiction in China's society in the new era, the people's aspiration for a better life has become stronger and their needs more extensive. The size of China's urban population has reached 920 million, and in the future there will be a considerable scale of agricultural transfer population to enter the towns and cities, building the cities as a good home for the people to live and work in, and guaranteeing their basic housing rights and interests can effectively promote the comprehensive development of human beings and the overall progress of the society.

At present, most of the academics focus on the determination of the target of urban housing security, the improvement of the overall framework of the security housing policy, how to balance and coordinate the relationship between the security housing and the commercial housing market [1], the level of urban housing security and the form of security [2], the security housing funds [3], land, construction, distribution and management issues [4] and the government's positioning of the issue of the construction of the construction [5], etc., which has achieved remarkable results, but also revealed the shortcomings of the problem-oriented pragmatism of the path. However, it also reveals the shortcomings of a pragmatic and problem-oriented approach. In general, there is a lack of discussion on the internal logic of policy evolution, and analysis of its dynamic changes can provide a more detailed and comprehensive understanding of resilient and smart cities", describing the basic direction of promoting the development of new urbanization centered on the human being in the new era. This describes the basic direction of promoting people-centered new urbanization in the new era. The report of the 20th CPC National Congress put forward "new urbanization" for the first time at a strategic level, fully reflecting that new urbanization is an effective path to better meet the people's needs for a better life.
the challenges and opportunities faced by the development of urban housing system since the reform and opening up, and provide reference for the next step to improve the development of urban housing security system, which is of great significance to the development of new urbanization.

2. Analytical Paradigm of Historical Institutionalism

After the 1980s, a more prominent new structuralist political theory emerged in Western political theory. Among the new institutionalist political schools, the most influential is the "historical institutionalism" evolved from the traditional political school. Historical institutionalism focuses on key issues, and its unique perspective of institutional analysis, as well as its comprehensive advantages in historical analysis, make it have a wide range of application prospects.

2.1. Structural View of Historical Institutionalism.

The structural view of historical institutionalism refers to the structural relationships among institutional variables that affect institutional outcomes or variable alignments, with a special emphasis on the fact that such alignments will have a greater impact on the consequences of the corresponding institutional arrangements. First, it assumes that the many variables affecting the different stages of institutional emergence, development, and change form a causal chain [6], and that only by understanding the detailed dynamics of multiple variables interacting with and supporting each other in the process of institutional change can the rich process of institutional change and coherent change be reproduced. First, it emphasizes the national macro-institutional context, such as the basic framework of the national system, the organizational structure of the political system, and the establishment of the legal system are all important components of the national macro-institutional context. These institutional contexts have a relatively stable nature in the evolution of society, and their formation and evolution are historically path-dependent, with far-reaching effects on subsequent institutional changes and political events. Second, it emphasizes the meso-political factors, which include political interests, political power and political culture, which play an important role in the process of institutional evolution. Political power is the restraining force of political behavior, and their strength and distribution pattern are important constraints on political system change; political culture is the value base of system evolution and the expression of social cognition, and they have an important impact on the recognition and support of system change. Thirdly, micro-behavioral variables, individuals, groups and organizations, etc., whose interactions and behavioral decisions are important sources of institutional change. For example, in the change of urban housing security system, micro-behavioral variables, such as market demand and supply, government intervention and management, and residents' awareness and behavior, have an important impact and influence on system change.

2.2. Historical Institutionalism's View of History.

Historical institutionalism is characterized by an expanded historical perspective, i.e., the study of institutional change based on the historical perspective needs to take into account the influence of time, which includes not only a long period of time, but also certain important nodes of a period of time, including events of unexpected changes. It mainly includes two aspects [7], one is the system path dependence, North studied property rights, the state and ideological interactions, found that the formation and change of social systems by the history, path dependence, but the dependence of the system change path does not mean that the history of system change is inevitable. Second, the system fracture generation, in the research process, the process of institutional change into the stabilization stage and fracture formation stage, there are "key nodes" and "historical veto point". The first refers to the development of the system involved, this process occurs in the major historical events affect or change the original institutional arrangements at a particular moment, the second refers to the weakness of institutional change, that is, the existence of conflict factors, whether the system can be innovated depends on the "key nodes" and "historical veto point". Whether or not a system can innovate depends on the power of the "critical nodes" and the "historical veto points" constraints.

According to the theory of historical institutionalism, the emergence, development and transformation of a system is a historical process. A system is an objective existence, but it is not static. Institutions have obvious path-dependent characteristics, and under specific historical conditions, they will change along a specific path. This path dependence is manifested in the system at the beginning of the creation, that is, began to build or create a new set of systems, and with the passage of time gradually formed a set of relatively stable, continuous and ongoing system. This is what historical institutionalism calls "path dependence". The rapid development of the real estate market has led to a rapid rise in housing prices, and the housing problem of the general public has become more and more prominent, with growing social demand for a housing security system. Under these circumstances, the original housing security policy is no longer able to meet people's needs, and institutional change is needed.

3. History of Changes in the Urban Housing Security System Since the Reform and Opening up

By combing through the key policies and documents in the field of urban housing security enacted at the national level in different periods, it is found that its development trajectory has been deeply influenced by its economic development status, the housing level of residents, housing prices, the level of urbanization and other factors. In other words, in order to recognize China's current urban housing security system, it is necessary to systematically review the development history of China's urban housing security system since China's reform and opening up.


After the reform and opening up, the socialist planned commodity economy was gradually implemented in China, and the commodity property of housing was gradually emphasized [8]. The reform of the housing system mainly included two aspects: firstly, the guaranteed housing system represented by affordable housing, and secondly, the social security housing system represented by the low-rent housing system. At the beginning of the reform and opening up, the
living conditions of Chinese urban residents were still relatively backward, and the implementation of a housing security system for low-income urban families became the focus of attention of all sectors of the society; in July 1979, the State Council issued the Circular on Further Strengthening and Improving the Work of Urban Housing, marking the official start of the construction of a housing security system for Chinese cities and towns. In order to meet the basic housing needs of residents, the Chinese government extended the affordable housing policy to middle- and low-income families without homes within the urban area. Since 1980, China has initiated the reform of its urban housing security system, followed by a series of pilot projects nationwide, including reforms to encourage units and individuals to build houses and the sale of public housing. The policy at the time stipulated that all old houses of newly allocated residents were to be handed over to the public in one go, and that they were to be managed by the governmental organization, and in February 1988, a programme for the phased implementation of the housing system reform in cities and towns throughout the country was promulgated by the State Council, which put forward a plan for the gradual implementation of the reform of the housing system over the next three to five years. The goal of the reform was to marketize housing in advance, starting with the reform of low rents in public housing, gradually changing the current distribution in kind to monetary distribution, acquiring property rights and housing through the market, and achieving a virtuous cycle. The rent-raising subsidy policy in the pilot districts has achieved remarkable results, not only in ensuring sufficient funds for repair and maintenance, but also in effectively curbing unreasonable housing demand.


1989-1990, due to the political turmoil, the reform of the housing security system came to a basic standstill and failed to make substantial progress. Since 1991, the housing security system has gradually returned to the right track, with its core content covering two aspects. On the other hand, a multi-channel approach to mobilizing construction funds has been established to ensure the smooth progress of housing construction. On the one hand, the process of housing commercialization has been pushed forward and the provident fund system has been realized. On the other hand, the establishment of a housing fund to subsidize the purchase of affordable housing by individuals. In June 1991, the central government issued a circular to continue to actively and steadily push forward the reform of the housing system, putting forward the development objectives of the real estate industry and the goal of gradually realizing the commercialization of housing, with the adoption of a new policy for the rental and sale of existing public housing and the prevention of the use of the old housing system in newly built houses, thus creating favourable conditions for the future reform of housing. The deepening of the housing reform has created favorable conditions. In November, the State Council issued the Opinions on Comprehensive Promotion of the Reform of the Urban Housing System, which clearly set out the overall objectives of urban housing reform as well as the objectives of the reform in stages; in 1994, the State Council promulgated the Decision on Deepening the Reform of the Urban Housing System, with the aim of setting up a brand-new system of urban housing security that would be adapted to the development of the socialist market economy. Since then, pilot housing reforms have been carried out in various places, and in February 1995, the General Office of the State Council issued the Circular on the Transmission of the National Housing Reform Implementation Plan of the State Council's Housing Reform Leading Group, which clearly stated that the goal of the national housing reform was to stimulate the enthusiasm of all parties, promote the commercialization and socialization of urban housing, and provide a political model for the reform of urban housing, and that, as of June 1998, the number of urban owner-occupied housing units had been increased by about 1.6 million. June 1998, the percentage of urban owner-occupied housing had exceeded 50%, and the policy had achieved good results.


As the reform of housing commercialization continued, the real estate market gradually stabilized, housing prices began to fall, and the housing pressure on urban residents was gradually reduced. At the same time, the construction of China's urban housing security system also entered a mature period. In April 2002, the Ministry of Land and Resources announced the Provisions on Bidding, Auctioning, and Listing for the Public Sale of State-owned Land Use Rights, aiming to revolutionize the way in which land is sold, changing from a predominantly agreement-based sale to a bidding, auctioning, and listing-based sale. In August 2003, the State Council issued the Circular on Promoting the Continuous and Healthy Development of the Real Estate Market, which for the first time clarified the status of real estate as a pillar of the economy, and the Measures for the Administration of Economically Affordable Housing promulgated in 2004 strengthened the support for security recipients, and further deepened and perfected the system of economically affordable housing. Accelerating the pace of construction of low-cost housing and public rental housing, and gradually realizing the goal of having a place to live. 2007, China's guaranteed housing construction stepped into a new era of rapid development, as the State Council issued a number of opinions on solving the housing difficulties of low-income urban families. 2010 State Council "on resolutely accelerating the pace of reconstruction of urban shantytowns and dangerous housing in cities and towns of various types of shantytown housing would be reconstructed, including dangerous housing in cities and cities.
villages in cities, and that efforts would be made in the construction of supporting infrastructure for the reconstruction of shantytowns in order to ensure that the basic facilities of the city would be more complete, reasonable layout, safe operation and convenient services. At the same time, existing old neighborhoods nationwide are being comprehensively upgraded to realize a peaceful and happy life for community residents, while encouraging the development of rental housing. For a long time, the real estate market in China has been characterized by the phenomenon of "focusing on selling rather than renting", but this situation has been reversed through the implementation of the "rent and buy" policy. In the context of the country's economic development into a new normal, how to solve the housing problem of low- and middle-income groups has become a major social problem that needs to be solved. The 20 major ones are carried out under the general framework of "enhancing people's well-being and improving their quality of life", and they are both related and different. Comparative analysis shows that in addition to safeguarding people's livelihood, improving product quality is also a crucial aspect. Because essentially, the fundamental attribute of housing is a material product to meet people's living needs, and its production process has a close relationship with the historical evolution of human society, and at the same time it has its own laws. In other words, the reform of the urban housing security system needs to take into account both the objectives of livelihood protection and the improvement of housing quality.

4. Evolutionary Logic of the Urban Housing Security System Since the Reform and Opening-up Period

After sorting out the important policies and documents in the field of urban housing security enacted at the national level at various stages, it can be found that its development trajectory has been influenced by factors such as macro-social structure, meso-political variables, and micro-action variables, such as the state of economic development, the level of housing for the population, housing prices, and the level of urbanization construction. In other words, to correctly recognize the current urban housing security, it is necessary to systematically examine the development history of urban housing security after the reform and opening up.

4.1. Path Dependence of Progressive Development.

Once a system is established and implemented, the mechanism of incremental reward brings will form a self-perpetuating lock-in state with the passage of time within its effective period, further strengthening the robustness and durability of the system, thus creating a path dependence that develops gradually and slowly. The result is that at each stage of institutional change, the cost of institutional change increases, but the benefits it can bring are diminishing. This means that when a society institutionalizes certain non-traditional factors through institutionalization, it also means that its dependence on these non-traditional factors is increasing.

1. Incremental benefit effect

There is an incremental benefit effect in the urban housing security system, which is an important cause of path dependence. The existence of this effect means that when the system is initially implemented and begins to work, the benefits of the system gradually increase over time, which further strengthens the stability of the system and path dependence. The incremental gains are mainly manifested in three aspects: economic, social and political. First, in terms of economic gains, the implementation of the urban housing security system can facilitate the development of the real estate market and promote a balance between housing supply and demand. This helps to promote the economic development of cities, which in turn further increases the benefits of the urban housing security system. Secondly, in terms of social gains, the implementation of the urban housing security system can reduce social instability, reduce social injustice, and improve social stability and harmony. This also further increases the benefits of the urban housing security system. Thirdly, in terms of political gains, the implementation of the urban housing security system can improve the government's image and reputation, and enhance the government's governance capacity and credibility. This helps the government's status and influence in society, further increasing the gains of the urban housing security system [9].

2. With self-reinforcing mechanism

One of the reasons for the path dependence of the urban housing security system is that it has a self-reinforcing mechanism. A self-reinforcing mechanism refers to a mechanism by which a certain system or rule is gradually formed and maintained in a long period of practice, so that it will continue to be maintained in the future. The self-reinforcing mechanism of the urban housing security system is manifested in the following three aspects. First, the participation of stakeholders. Stakeholders of the urban housing security system include the government, developers, housing rental companies and so on, which play an important role in the practice of the system. Second, the formation of interest inertia, urban housing security system for a long time in practice has formed a certain interest inertia, so that people have been accustomed to the system in practice, it is difficult to accept the new system and rules. Thirdly, the formation of experience inertia, the long-term practice and experience of the urban housing security system has also formed a certain experience inertia. These experiences and inertia may become resistance to system reform and innovation in some cases. At the same time, the long-term practice of the urban housing security system has also caused some people concerned to have a certain degree of inertia in the work and practice of the system, which makes it difficult to accept new systems and rules.

3. High exit costs

One of the reasons for the path dependence of China's urban housing security system is its high exit costs. In the urban housing security system, the right to housing security is usually granted by government departments or related organizations, and these rights have a certain degree of stability and continuity, that is to say, once granted, it is difficult to cancel or change. Therefore, this system has a high exit cost, and is specifically manifested in three aspects. First, the housing security system has a high input cost. The government needs to invest a large amount of money and resources to provide housing security services, including housing construction, maintenance and management, etc. These costs are irreversible, and it is difficult to exit once they are invested. Secondly, the housing security system involves a large amount of social resources and interests. Changing this system requires overcoming the resistance of various interest groups, including beneficiaries of housing security, relevant
government departments, developers, etc. These interest groups have their own interests and needs, and once the housing security system is changed, their interests will be affected, leading them to object to the change. Thirdly, the housing security system is one of the important guarantees of social stability, and its existence and stability play an important role in social stability and harmony. Once such a system is abolished or changed, it may lead to social unrest and instability, so the government usually adopts a cautious attitude and avoids changing the housing security system easily.

4.2. Critical Nodes of Mutation Development.

The key nodes, that is, between the balance of the system and the system rupture, how to make effective articulation, usually due to qualitative changes in the internal factors of the system, or due to changes in the external factors, these changes break through the boundaries of the existing institutional framework, in the role of political consultation and power games, reconstructed the original system of power and interests, and thus promote the system of change and innovation.

1. The introduction of housing security policy

The development of the urban housing security system has been strongly promoted by the central government, which has injected a strong impetus into it. As the level of economic development continues to rise, the income of urban residents is growing faster and faster, and more and more residents own their own houses, and housing, as one of the basic conditions of their lives, should be given corresponding protection by the government. Since the reform and opening up, China's urban housing security system has been strongly promoted and improved by the central government. The central government has strengthened the housing security for urban residents by formulating relevant laws and regulations and introducing corresponding policies and measures, thus effectively promoting the process of urbanization. Changes in the structure of China's housing supply and demand following the implementation of the policy of "a place to live for all" have led to the introduction of the goal of achieving basic equality of living conditions for all people, with a commitment to realize the goal of everyone owning their own place of residence by the year 2020. In order to achieve this goal, the central government issued a number of policies and regulations to promote the process of urbanization and housing security; second, at the level of meso-political variables, the historical evolution has been influenced by three levels.

2. The movement of large numbers of rural residents

China's urban housing security system, in the continuous improvement since the reform and opening up, is also facing great pressure from the changing needs of the people. As China's economy develops rapidly and urbanization accelerates, people's demand for housing security continues to grow, especially in terms of housing area, living environment, and safety. As urbanization continues to accelerate, the size of the urban population is expanding rapidly, and the demand for urban housing is also increasing. With the rapid advancement of urbanization, more and more people from rural areas are settling down in cities, and the primary task of promoting urbanization is to facilitate the orderly citizenship of the resident population who have the ability to find stable employment and live in cities and towns.

In the process of urbanization, the government has introduced a series of policies to encourage residents to purchase homes, such as preferential interest rates for housing loans and subsidies for home purchases, which have stimulated the development of the housing market to a certain extent. However, as housing prices continue to rise, the housing needs of some residents cannot be met, creating an urgent need for housing security and further promoting the improvement and leap forward of the urban housing security system.

3. Presentation of the idea of "housing without speculation"

Xi Jinping pointed out on December 21, 2016, at the 14th meeting of the Central Leading Group for Finance and Economics that "the residential attributes of housing should be accurately grasped," that is, in the past, because of insufficiently clear knowledge of the multiple attributes of housing, resulting in the governmental agencies not having a full grasp of the basic nature and functions of housing construction and protection, so that the Previous policies have also failed to give a clear and explicit positioning of the housing market. It was not until the 19th time that the concept of "housing without speculation" was written into the central government's documents that the concept of "housing without speculation" was taken as the general tone of China's housing reform, and the fundamental meaning of this concept is to create a favorable market environment, inhibit speculation, and bring housing back to meeting and guaranteeing the quality of the housing market. The fundamental meaning of this concept is to create a good market environment, curb speculation in housing behavior, so that housing back to meet and ensure that the people's lives, and strive to achieve the purpose of "living in a home". Although houses are "commodities" in nature, they are still more of a "residential" nature, so how to make houses return to their original value can be truly realized. Xi Jinping in the 19th National Congress report on the social contradictions clearly expressed. Therefore, the concept of "housing without speculation" is to solve the fundamental problem, to eliminate speculative demand, to break the myth that real estate can only go up and can not go down, and to return to the root of the house, so as to truly ensure the residents' right to housing.

5. Conclusion

From the perspective of historical institutionalism, the development of China's urban housing security system is actually an evolutionary process of mutual influence and constraints among macro-social structure, meso-political variables and micro-behavioral variables. Since the reform and opening up, China's urban housing security system has gone through four different stages: strengthening government subsidies, emphasizing provident fund services, stressing demand-side reforms, and returning to residential properties. The historical evolution has been influenced by three levels. First, at the macro-social structure level, China's urban housing security system has experienced a shift from government monopoly under the planned economy to government-led, market-participation under the market economy, as well as a shift from collective distribution to independent purchase by households. The core of this shift lies in the government's transformation from a single administrator to an organizer and coordinator of market and legal regulation, while maintaining the government's important role in public housing construction and housing security; second, at the level of meso-political variables, the
The evolution of China's urban housing security system has also been affected by the reform of the political system and the economic transformation, the political environment, and the relationship between balancing the market economy and social equity. With China's rapid economic growth and social changes, the government has gradually taken the urban housing security system as an important means to improve people's welfare and social stability, and has made continuous adjustments and improvements to it; third, at the level of micro-behavioral variables, the evolution of China's urban housing security system has been influenced by the government's active exploration and experimental spirit, the active participation of civil forces, the government's cooperation and co-construction with the market, social organizations and the people, and many other factors. The government has gradually introduced market mechanisms and supported financial instruments such as housing provident funds to help families realize financial security for housing consumption, while also strengthening the planning and management of land use and housing construction to ensure the stability and quality of housing supply. At the same time, China's urban housing security system has shown strong path dependence because of the incremental effects of economic, social and political gains, the participation of stakeholders, the formation of interest inertia, the formation of self-reinforcing mechanisms of empirical inertia, and the high exit costs with high input costs, involving a large number of social resources and interests, and an important guarantee for social stability. The introduction of the housing security policy, the mobility of a large number of rural residents, and the idea of housing without speculation are the key nodes.

Overall, the development history of China's urban housing security system shows that the evolution of the system requires the efforts of institutional innovation, policy adjustment and market regulation, as well as the active participation of the government, the market and all social parties. In the future development, China's urban housing security system needs to further improve the quality of security, improve the security system, strengthen market supervision and other aspects of work, in order to better meet the people's housing needs to achieve a new type of urbanization.

References


