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A home of their own impossible dream for China's migrant workers

http://www.todayonline.com/china/china/home-their-own-impossible-dream-chinas-migrant-workers?utm_source=phplist69&utm_medium=email&utm_content=HTML&utm_campaign=Political+Anticipation+-+LEAP+Press+review

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A Chinese worker looking on as he walks along a street after work in Beijing

He makes less than US\$1,000 (S\$1,410) a month in a city where apartments can cost more than US\$1 million, but even so the Chinese government is pinning its improbable hopes for a property revival on the likes of Mr Liu Jun.

The electrician and plumber is a recent addition to China's 250 million-plus migrant workers, who have provided the labour force to transform the country's economy in recent decades, emerging from the countryside in droves to seek better lives and incomes in the cities.

Construction workers, machine operators in factories, office cleaners — the sweat of their brows has lubricated China's growth as it expanded to become the world's second-largest economy.

But while they are free to move in search of employment, they and their children have long been denied equal access to public services such as schools, hospitals and housing under a decades-old household registration system known as "hukou".

As a result they have been denied a full share of the prosperity they have created, while a generation of their children have been "left behind" to be raised by their grandparents or other family members — or some simply left on their own.

At the same time the property market that has fuelled much of China's growth has hit the doldrums in the last two years, with new buyers priced out despite government borrowing restrictions reining in soaring costs.

Now authorities are trying to address both issues simultaneously, reforming the hukou system to encourage migrants to buy properties in the towns and cities where they work.

Only 10 per cent of migrants have bought a home in the places they have moved to, according to the World Bank.

But analysts say there are multiple obstacles to the concept, not least affordability.

"Without a lot of supporting policies, the initial impact will be relatively limited," Mr Brian Jackson, a Beijing-based analyst with research firm IHS Economics, told AFP.

Mr Liu, from Lankao in Henan — a central province that is one of China's poorest — abandoned his life as a farmer and now earns up to 6,000 yuan (S\$1,300) a month in Beijing.

New home prices in the capital averaged 34,925 yuan per sqm in November, according to a survey by the China Index Academy (CIA), which is linked to the country's biggest property website.

Mr Liu dreams of owning a home in the capital, but would have to save for decades before that could come true.

“I would love to stay in the city,” he said. “But I don’t have the money and so I don’t have any buying plans.”

LAND RIGHTS

The hukou reform plans, unveiled last week after a key four-day economic planning meeting addressed by President Xi Jinping, would make more migrants eligible for urban registrations more quickly.

The thinking is that incomers would be more likely to invest in a permanent home if they could enjoy the same rights as official residents.

“We must implement household registration reform plans... to cultivate (migrants’) expectations and demand for the purchase or long-term lease of a house in their place of work,” said a statement released by the official Xinhua news agency following the meeting.

It was the first time authorities have explicitly and publicly linked hukou reform — which has been repeatedly promised over the years — to property sales.

But while holders of urban hukous have access to services, rural hukous give their holders rights to use land, which in China is all owned by the state. Many expect those rights to become tradeable assets if and when China ever reforms its land laws, making them reluctant to give them up.

“Not all rural residents are willing to become urban dwellers,” said Ms Wendy Chen, an analyst with Nomura International in Shanghai. “One of their concerns is... whether they can retain their land.”

Across 100 major Chinese cities, November’s average new home price was 10,899 yuan per sqm, according to CIA, but employment opportunities — and wages — decline with city size.

In lower-tier cities “there might not be a strong labour incentive to move there”, said Mr Jackson of IHS Economics.

GHOST TOWNS

Urbanisation and property development have been key drivers of China’s decades of growth as they fuel demand for many other industries including steel and cement.

A 10 per cent increase in residential property investment yields a full percentage point of additional GDP growth, according to Ms Niny Khor, an economist with the Asian Development Bank in Beijing.

China's long property boom, driven by credit and government spending, made fortunes for many owners as new districts mushroomed across the country.

But several have since become "ghost towns", and many Chinese cities have a glut of empty and unsold residential property.

At the same time developers who took big bets on continuing housing growth still have huge loans to repay.

China's home sales fell 7.8 per cent by value in 2014, as the country's GDP growth slowed to 7.3 per cent, its weakest since 1990.