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도시계획학 석사학위논문

Between Beijing and Bucharest:
Case Analyses of Housing Policy Changes in Socialist and
Postsocialist Cities for Implications for Pyongyang's Transition

베이징과 부카레스트 사이에서:
사회주의 및 포스트사회주의 공공주택정책 사례연구를 통한
평양의 주택전환 방향연구

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<ABSTRACT>

This research attempts to investigate the history and spatiality of public housing developments in Bucharest, Romania and Beijing, China, in the context of economic reform and system transition for the purpose of providing insights on the future housing reform and transition in Pyongyang, North Korea. This research will base its research target on the socialist public housing estates in Pyongyang, Bucharest and Beijing with a temporal boundary from the start of the socialist regime until roughly 20 years after the initial reform of the economy and polity. The key questions this study will attempt to answer are: first of all, what will be the relationship between the political nature of regime and its approach toward structural reforms in housing? (the speed and direction of reform and institutional-policy approach); secondly, what will be the dialectics of institutional-policy approach and social-spatial changes and problems in public housing estates? (changes in urban spatial structure, residential landscape, public housing estates, tenant social composition, and all of its problems); and thirdly, what will be the possible strategies to cope with the existing and speculated problems during the transition from the viewpoint of public intervention? (Urban Renewal VS Urban Rehabilitation). In order to answer these questions, this research will first look at the larger question of system transition and economic reform to understand the structural conditions affecting the national system changes and urban spatial changes. Then it will look at the historical example of each city of Beijing and Bucharest, with its background of national development, housing policy, and spatial changes in both socialist and postsocialist eras. It will then focus on the problems that have arisen out of the system transition/reform and try to provide solutions to the problems. At last, it will try to apply the lessons learned to the historical and current situation facing Pyongyang's public housing developments.

The key lessons from the research are that for the public housing provision under transitional context: first of all, Pyongyang's change may more likely follow the path of Romania (Bucharest) than China (Beijing) both politically and economically due to the political nature of the regime change, with the decentralization of government powers by taking on more marketized roles; secondly, mass privatization, capitalization, and commodification of socialist public housing may result in problems of residential differentiation, social filtering, and gentrification of the city center; thirdly, quick privatization of housing assets in a form of public sale to sitting tenants may likely occur within the context of transfer of old communist powers and networks and restitution to former pre-socialist owners will be difficult; fourthly, there may be a sharp drop in the provision of social housing in the form of public and private rental housing against the backdrop of massive homeownership campaign with the resulting consequences of housing unit deterioration; fifthly, there may be a breakdown of workplace-residence proximity and the evolution of microdistricts (subdivision, gentrification, and gating) to take on new marketized functions while the middle and lower class groups will continually depend on these socialist public housing estates for their housing welfare; sixthly, the issue of incremental urban rehabilitation rather than large-scale urban renewal in the form of wholesale demolition and redevelopment may be more pressing for the lower-income households; and seventhly, there may be large migration of populations in and out of Pyongyang, resulting in migrant enclaves and shantytowns in inner city and peripheral locations and increasing pressure on social housing.

Keyword: Socialism, Public Housing, Privatization, Homeownership, System Transition, Economic Reform, Housing Policy, Microdistrict, Urban Renewal, Beijing, Bucharest, Pyongyang

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Reference

I. Introduction:

1. Research Background

*We really believed, in a quasi-religious sense, in the perfectability of human nature, in the role of architecture as a weapon of social reform... the coming Utopia when everyone would live in cheap prefabricated flat-roofed multiple dwellings – heaven on earth*¹ (Philip Johnson, US architect, quoted in Coleman, 1985, p 3)

The metamorphosis of the socialist-capital city to the capitalist-socialistic city is unfolding itself globally since the fall of the *Iron Curtain* in the Eastern Bloc and China's new ushering in the *Open Door Policy*. What once used to be a singular model of the socialist city, dominated by the state control over all the actors and actions of development and bureaucratic control of these factors, has since been dissolved since the late 1980s (and late 1970s in the case of China) onward in a transitional process toward the making of a market economy. In some countries, the decentralization process has been swift and comprehensive while in others it has been painfully slow (and thus slowly painful) with the real powers of the state still tied to the central government. As in the words by Li Zhang:

Popular assumptions about postsocialism tend to present a vision of socialist transition as a progressive and linear move toward an already known end – liberal capitalism and democratic politics. They imply that the disintegration of socialist regimes and their opening up to market capitalism will automatically lead to a withering of state power (usually represented as evil and oppressive) and that such a retreat will necessarily lead to the formation of democratically based, civic social spaces built on horizontal social ties. Recently, scholars have called into question this metanarrative of postsocialist transformations simply as a triumph of one epochal stage over the other, good over evil, capitalism over socialism, and democracy over totalitarianism. These scholars instead emphasize the complexity and uncertainties inherent within the culturally specific reconfiguration of economies and power relations in rapidly transforming societies.²

With the advent of globalization, there have also been additional differences in the aggressiveness of foreign capital, which was largely influenced by factors of present political

¹ Kempen, Ronald van. Dekker, Karien. Hall, Stephen. Tosics Ivan. Restructuring Large Housing Estates in Europe. Bristol: The Policy Press, 2005. Print. p. 1

² Zhang, Li. "Migration and Privatization of Space and Power in Late Socialist China", *American Ethnologist* 28.1 (2001): p. 180

stability, speed of economic restructuring, and geopolitics of regions and cities. Based on combinations of these political, economic, and social factors, transitions have led to a liberal free-market version of a capitalist city at one extreme, and a Third World city model at the other extreme, with the regulatory welfare state version in between. As a result, there are very different sub-types of city development emerging in the transition period, differentiated by the level of state control, the functioning of land market, the magnitude of investments, and the activities of citizens. Twenty years after the official collapse of socialism, these significantly different processes of postsocialist city development are observable in the capital cities of former socialist nations. In the question of property, housing and land, the same discrepancy and difference have been applied under different national contexts: in some countries, private ownership has completely taken over while in other countries, public or non-profit ownership has survived in various forms.

The Norwegian political scientist, Torgersen, has described housing as “the wobbly pillar under the welfare state”, reflecting its vulnerability and fragility as a public realm.³ The other pillars of the welfare state – social security, health, and education – are either labor-intensive or related to income redistribution, thus much less amenable to public spending cuts. The uniqueness of housing as both a welfare and commodity item is that it is also largely individually owned and consumed, which contrasts itself from other health and educational services. Being primarily supplied and consumed in the private sector since 1990 and historically being a capital intensive form of public spending (“brick and mortar”), housing has become an easier target for spending cuts than the other pillars of the welfare state.

Such characterization of housing has been indicative of the changes experienced under the aforementioned *varieties of capitalisms* and *socialisms*. As a basic human right along with food and clothing, which constitutes the material well-being of individuals, housing cannot be separated from the issue of the quality of life or the philosophy of life. This difference in attitude toward housing explains the different approach toward housing in both systems of capitalism and socialism, in which housing was considered as either a form of commodity or welfare. On a larger level of the state, institution, and society, housing has historically always been a political problem rather than an economic problem. From the magnificent Winter Palace of St. Petersburg to the imperial palace of Forbidden City Beijing, the physical state of housing has been symbolic of its occupier from time immemorial.

With the establishment of socialist states in Eastern Europe and China (amongst other socialist allies) in the middle of the 20th century, the legitimacy of the state and its right to rule have been forcibly taken over from its feudal/imperial predecessor with the mandate of serving the popular interests through public planning. The socialist states have had a stronger emphasis on the question of welfare, for their very identity and legitimacy to rule were based on their professed service to the masses in building a collective society toward socialism and later toward communism. In this respect, housing was considered a form of welfare to be provided to all citizens on a redistributive rental basis based on a collective ownership of the land. This was in sharp contrast to the capitalist societies, with its protection of private property as a right of sanctity. The problem with socialist approach to housing was that the

³ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. Print. p. xiv.

ideology largely remained intact although the surrounding economic reality has significantly changed over time. Thus in a vain attempt to uphold the socialist ideology of welfare housing, the socialist states collectively engaged in the downgrading of housing quality for the ideological provision of housing quantity. This trend, too, was to change with the passing of time under socialism, but the ideology of housing as a welfare item has always remained a cornerstone of socialist system reproduction.

The fall of the *Iron Curtain* by the breakdown of the former Eastern Bloc in Russia and Eastern Europe as well as in transitional China has brought a fundamental rethinking of housing, from a form of welfare to a commodity item. With the establishment of free-market economy and real estate industry, housing was thus transacted in the market for not only dwelling purposes, but also for speculative interests. This has brought a whole list of new problems as well as intensified the existing cleavages in the old socialist system in terms of housing allocation, privilege, and consumption. Housing was thus more fundamentally tied to the political economy of the state in an institutionalized and politicized manner than before. The different trajectory of reform and transition has yielded different results in the transformation of housing. The reform path has been the chief architect of the new emerging housing market. Thus studying the overall history and policy of reform path, restructuring process and institutional setting can provide valuable clues to the origins and causes of particular spatial manifestations in transitional urban areas.

2. Research Objective

This research attempts to investigate the history and spatiality of public housing developments in Bucharest, Romania and Beijing, China, in the context of economic reform and system transition for the purpose of providing insights on the future housing reform and transition in Pyongyang, North Korea. The key questions this study will attempt to answer are:

- What will be the relationship between the political nature of regime and its approach toward structural reforms in housing? (the speed and direction of reform and institutional-policy approach)
- What will be the dialectics of institutional-policy approach and social-spatial changes and problems in public housing estates? (changes in urban spatial structure, residential landscape, public housing estates, tenant social composition, and all of its problems)
- What will be the possible strategies to cope with the existing and speculated problems during the transition from the viewpoint of public intervention? (Urban Renewal VS Urban Rehabilitation)

This research will base its research target on the socialist public housing estates in Pyongyang, Bucharest and Beijing as the starting point of the research. The temporal boundary will be from the start of the socialist regime until roughly 20 years after the initial reform of the economy and polity. The purpose of using Beijing and Bucharest as case study subjects is that they reveal divergent processes and results in the evolution of housing policy and

transformation of housing estates in the context of economic reform and system transition. For Pyongyang to face some sort of system change – whether gradual as in evolution or drastic as in revolution – I argue that the option is simply dualistic between the hypothetical Beijing and Bucharest model in terms of large systemic transformation toward the market-oriented political economy. Politically, the end state can be either authoritarian (China) or democratic (Romania), while economically, it can be either socialist market economy (state capitalism in China) or neoliberalist/laissez-faire-type free-market economy (Romania). Through the case analyses of Beijing and Bucharest model of urban and housing development, this research will prove that the past and present of Pyongyang lie closer to the Bucharest model although its optimistic future lies in the Beijing model based on a gradualist-evolutionary transition (economic reform rather than a complete system transition of the political economy) toward socialist market economy.

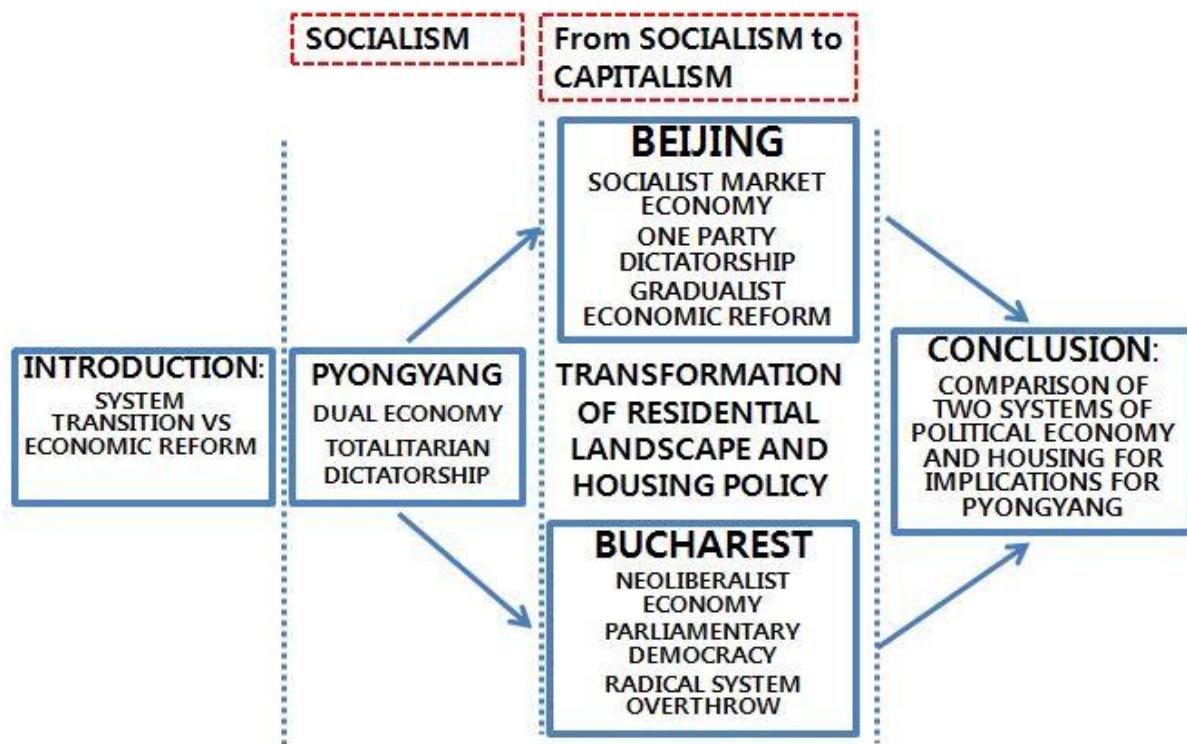
The question of public housing policy reforms and spatial transition is subsumed under the larger systematic transition although *space* itself takes on a newly found proactive significance and potential for the political economy of capitalism, which is different from the passive redistributive-allocative and power-consolidating role it assumed under state socialism. The transition and transformation of previous socialist public housing estates into a built commodity follow the exact theory of the *production of space* proclaimed by Henri Lefebvre. Nevertheless, this paper will argue that the path of transition toward some form of market economy, in which housing is transformed from a welfare right to commodity item, will be dealt relatively more *smoothly* under a gradualist-evolutionary change rather than a drastic-revolutionary upheaval.

In order to answer these questions, this research will first look at the larger question of system transition and economic reform to understand the structural conditions affecting the national system changes and urban spatial changes. As an analytical framework for the socialist era Beijing and Bucharest, the background history of national development with its state-led industrialization, urbanization and housing developments, and the politics and policies of socialist housing system, including its spatial manifestations, institutional governance structures, and neighborhood organizational strategies will be analyzed. In the capitalist and reform era, the politics of regime and institutional change, housing privatization strategies and policies, transformation of residential landscapes, residual problems and consequences, and potential remedial strategies will be discussed. At last, it will try to apply the lessons learned to the historical and current situation facing Pyongyang's public housing developments.

The key lessons from the research are that for the public housing provision under transitional context: first of all, Pyongyang's change may more likely follow the path of Romania (Bucharest) than China (Beijing) both politically and economically due to the political nature of the regime change, with the decentralization of government powers by taking on more marketized roles; secondly, mass privatization, capitalization, and commodification of socialist public housing may result in problems of residential differentiation, social filtering, and gentrification of the city center; thirdly, quick privatization of housing assets in a form of public sale to sitting tenants may likely occur within the context of transfer of old communist powers and networks and restitution to former pre-socialist owners will be difficult; fourthly, there may be a sharp drop in the provision of social housing in the form of public and private rental housing against the backdrop of massive homeownership campaign with the resulting

consequences of housing unit deterioration; fifthly, there may be a breakdown of workplace-residence proximity and the evolution of microdistricts (subdivision, gentrification, and gating) to take on new marketized functions while the middle and lower class groups will continually depend on these socialist public housing estates for their housing welfare; sixthly, the issue of incremental urban rehabilitation rather than large-scale urban renewal in the form of wholesale demolition and redevelopment may be more pressing for the lower-income households; and seventhly, there may be large migration of populations in and out of Pyongyang, resulting in migrant enclaves and shantytowns in inner city and peripheral locations and increasing pressure on social housing.

Research Analytical Framework



3. System Transition Vs Economic Reform

System transition is a process whereby one political-economic system is replaced by another political-economic system, or whereby a complete new political-economic system is built. It is about transforming the very foundation of the political-economy of the traditional regime. Examples include the political transition from one-party dictatorship of the communist party to multi-party democracy, the economic transition from planned economy to market economy, and the ownership transition from collective to individual ownership of properties and assets.

In contrast, economy reform is a process whereby partial economic institutional arrangements are changed for the purpose of solving present economic and social problems while maintaining the existing political structure for the purpose of sustaining the status quo. The cases of China and Vietnam's reforms can be considered as economic reform but in light of the change of ownership structure and the gradual reduction of state's planning functions, it can also be considered as a system transition in a broader sense.

The reasons for the inevitability of reform or transition for the ex-socialist countries are complicated and diverse but the most significant causes such as – the breakdown of the official ideology of Marxism-Leninism, the reduction in the capacity to control and implement socialist property rights institutions, and the inefficiency of the planned economy – are most probably interlinked and reinforcing each other with the economic factors weighing in as the heaviest causes. The forms of system transition can be analyzed in terms of *the agency leading the change, the extent and speed of the change, and the direction of the change*.

For the agency leading the change, it can be analyzed as top-down or bottom-up approach. The top-down approach tends to be an incremental-gradualist approach which sustains the existing political structure while the bottom-up approach tends to be of radical-revolutionary nature overthrowing the existing polity. For the extent and speed of change, the question is whether to take the gradualist-evolutionary approach or the radical-revolutionary approach and is of the most critical issue concerning the whole transition phenomena. It is about a set of measures for shifting the system from one of socialist to capitalist economy and includes institutional engineering such as economic stabilization, restructuring, liberalization, and privatization. The speed of the change depends on the agency leading the process, economic environment in the initial stages of change, the direction of the transition, and the articulation of goals, etc. Normally the rise of new political powers during this change tends to facilitate the process in order to hasten the process of the formation and establishment of new status quo and to hinder the revival of old vested interests. A clear transition path or objective also tends to facilitate this process. The gradualist-evolutionary approach tends to aim at the model of market socialism (China and Vietnam) while the radical-revolutionary approach tends to aim at the model of Western market economy or state capitalism. The common wisdom is that the clearer the objective and direction of change, the more likely the reform will succeed.

a) Revolution VS Evolution: “Shock Therapy” VS “Gradualism”

There are both pros and cons to be learned from the dual experiences of radical and gradual system change and it is thus critical to carefully analyze their strengths and weaknesses as well as applicabilities and incompatibilities with our current contexts and situations in order to get the most accurate projection of future reform path. Therefore the path of the overall economic and political reform will greatly affect the path of housing reform and its consequent policies and institutional parameters.

A radical-revolutionary change is commonly known as “big bang” or “shock therapy” and is based on the belief that a radical reorientation and restructuring of an entire system is

necessary due to the *interconnected nature* of the various legal, institutional, and normative factors that comprise the market economy: a partial-sectoral reform is unlikely to lead to a regular functioning of the integrated system and is likely lead to overall failures, and the success of the transition depends on the simultaneous implementation of reforms across the entire spectrum of institutions and sectors. Akin to a critically ill patient undergoing a surgery in a life-threatening emergency, the “shock therapy (radical-revolutionary change)” is likened to a major operation (system transition) involving various therapies (institutional reforms) at once.

In the case of Eastern European countries, radical housing reform programs were implemented based on several background causes: *first*, a blind rejection of the old socialist system and an overblown expectation of the new capitalist consumer society; *second*, the symbolic policy paradigm of the new governments; *third*, the state’s attempt to rid itself of the financial burdens of housing construction and management; and *fourth*, western financial assistance and policy advice.⁴ As its major policy instruments, they encompassed: the devolution of housing ownership rights to local government and housing privatization; privatization of housing management; drastic reduction or halt of state subsidies in construction and housing assistance and its replacement by private entities; establishment of financial and mortgage system and etc. However, various problems emerged due to the lack of financial resources and policy-management capacities which led to their poor performance.

For the reason why a radical-revolutionary reform had to take place in Eastern Europe, the commonly held view is that political circumstances and economy necessities worked simultaneously to such a path. Politically, the new pro-reform and anti-communist political interests that acquired power had reason to prove their legitimacy of authority by strengthening their performance via the facilitated reform process and by neutralizing the old communist powers as swiftly as possible. However, the impact of such a radical change on the economy and society was so great that it necessitated external economic support and the establishment of new social security systems in order to mitigate the social traumas and externalities. As historical examples, Poland received large subsidies from the West and the IMF; East Germany from West Germany; and Russia from the West. The East German and Eastern European experiences were both based on a radical system transition and overthrow of the *an cien régime* but a great difference in the ability of financial procurement existed between these two groups of countries. This financial capacity of the government can be called to be the principal factor in determining the policy aspects of the transition and the problem of financial procurement must be considered first and foremost in solving residential stability problems. Although former East Germany and Eastern European countries are commonly regarded as belonging to this camp, a truly radical and revolutionary transformation is considered to have taken place in East Germany; many Eastern European countries, especially those in the southern part (South East European – SEE) took on a radical-revolutionary character in the initial stages but gradually lost grip on its radical nature of reform.

In contrast, a gradualist-evolutionary approach is based on the logic that systematic reform

⁴ 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

must be taken gradually in incremental steps since the individual economic agents take a long time to adjust themselves to the new institutional environment during which it is critical to minimize the side-effects and enhance their adaptabilities. The proponents of this view claim that overthrowing the entire structure of the old system is neither possible nor ideal: there are supposedly useful institutional remnants from the old system which can be reutilized in the transitional restructuring process and it takes time for the economic agents to adapt to the new environment; furthermore the radical overthrow is likely to lead to the complete collapse of the new economy. Therefore it is proper for the economic restructuring process to maintain a dual economy of the private and public sector and proceed with gradual privatization of the SOEs and other public assets once a certain growth of the private actors and market institutions is achieved.

The Chinese experience of economic reform was based on an evolutionary and gradualist approach and it provides useful inferences from which to project the North Korean path of reform based on its dualist “one country under two systems” approach as it has been experimented in North Korea in its border cities. . The proponents of gradualist-evolutionary approach do not discuss the political aspects of power groups and interests and such view is demonstrably witnessed in the remarkable growth of China after the economic reform in 1978. China legitimized its economic reform based on a political philosophy of socialist developmental state which encompasses reforms in the planning system, finance, labor market, SOEs, agriculture, etc. The agency leading the change in the Chinese case was the pro-reform faction within the existing CCP. China is gradually shifting toward the housing policy of market mechanism for over the last 20 years in what the East European countries and East Germany had accomplished in a matter of few years. The Chinese reform experiments were implemented in the coastal regions of east China first, and were gradually extended into the interior and other cities. Chinese housing sector cannot be said to operate entirely on the market mechanism since elements of socialist housing still remain in the physical, institutional, and social structures of Chinese cities and the housing sector has yet to fully penetrate into the commodity consumption sector by year 2000.

b) Decentralization and Devolution of State Power – the Rise of the Local Government

The decentralization and devolution of power from the central government to local government have been universal in all postsocialist countries. In relation to housing, it means that the central government no longer holds responsibilities over the construction, provision, and management of the housing, which have become the local government's burdens. Despite the positive and negative aspects of such institutional transformations, the greater administrative, financial, strategic and governance-related burdens placed on the local government mean that the substantive reality of the housing issue is greatly dependent on the local government capacity, especially from a public point of view. The local government also had to take on the new burden of subsidies for housing by reducing the amount and replacing the gap by increasing the rental fee which was a realistically difficult thing to do against a population suffering from a high inflation.

The administrative and governance capacity of local government over the housing issue was

strengthened during the transition along with the transfer of previous state assets (land, property, housing stock, etc). Housing sector reform was a significant step toward decentralization even though it did not constitute the core of the local government tasks. The most significant problem for the local government was related to maintaining a healthy fiscal condition – securing funds for the new housing construction, management of existing housing stock, and subsidy provision for the lowest income groups. Related these problems, the local government was faced with the double burden of continually managing the existing housing stock for the local residents' welfare, and devising a new way of increasing its tax revenue. In the latter case, the lack of present housing stock with substantial value to be turned into state revenue through sale meant that increasing the rental fee gradually became the most viable option. The local government promoted the management of housing stock through a competitive system – i.e. the new private management companies as opposed to the previous SOEs.

The SEE countries inherited a centralized intergovernmental finance system and the administrative reform has not accompanied the real devolution of decision-making power to the lower level governments. The local government's lack of real responsibility and incentive in improving the management of local expenditures and revenues has contributed to the low performance of the public sector. While government prioritized the management of macroeconomic stability, services provided by the public sector rapidly deteriorated in the 1990s.⁵

In the Chinese experience on the contrast, the critical role of the state has been refashioned, through the rescaling of the overall CCP powers via decentralization, which has greatly strengthened the authority, functions, and responsibilities of the local governments from those of the centralized state. Under the new geopolitical climate, collaboration with the local government has thus become crucial for property-led development in the context of public-private partnership (PPP). The financial burden on the state for the construction and management of public housing also contributed to the shift. By the beginning of the millennium, housing reforms focused on the decentralization of housing provision and privatization of public housing. Economic decentralization has granted the local government greater autonomy and authority to regulate the economy while increasing housing inequality and residential segregation in transitional cities.

4. System Transition and Housing Reform

a) Politics of Housing Privatization:

According to many scholars on the question of the housing in the context of system transition, it is argued that not only the economic imperatives, but also and perhaps more fundamentally, *the political and ideological imperatives* determine the nature and course of the housing reform.

⁵ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. Print. p. 31

The question of housing privatization is critically linked to the nature of political change during the transition process. In case of radical-revolutionary change such as those experienced in former Eastern Europe and Soviet Union, the lack of administrative enforcement powers of the new state led to the housing sale to the present owners at a low price while in an evolutionary-gradualist approach such as the one taken by China, the administrative control of the communist party allows for the privatization based on differentiated purchasing powers⁶

The privatization process creates three classes of new powers: first of all, the nomenklatura and the previous political elites; secondly, the former executives of SOEs; and thirdly, the new entrepreneurial class.⁷ They have been able to use their previous networks and information to strengthen their position in the privatization process of SOEs, other state assets, housing, and land. Since 1989, in many of the former socialist cities, the interest in the real estate market has grown substantially in the wake of high inflation, productivity decline in the industrial sectors, and the fall of currency values. These new economic elites also capitalized on this golden opportunity to invest in real estates and formed a new dominant class. As a result of their entrance into the housing market, there has been a new form of residential stratification tailoring to the high-end needs of these *nouveaux riches*.

This has accompanied a spatial restructuring of the urban space, whereby their strong purchasing powers and higher end tastes have tended to look for more “livable” spaces in the urban fringe or suburbs, in their luxurious private villas and single detached homes away from the rundown housing estates of the city center. On the level of the residential unit, privatization of housing and land is inevitable with the breakdown of the system of job-housing proximity and the spatial expansion of the city. It will likely lead to concentration of people along economic class line, socioeconomic polarization of groups, and residential differentiations. The ex-communist political elites, executives of SOEs, and new entrepreneurial class are likely to benefit from the reform.

The principle criticism against the drastic nationwide move toward homeownership is that – through various subsidies and schemes such as the housing consumption subsidy, housing-backed securities, sale of homes, free privatization, etc – it has placed overwhelming burdens on those populations without the necessary purchasing power to own homes with their attending costs of maintenance, increased home-related taxes, and home-improvement expenses. The resultant consequence of such state-initiated homeownership drive and policy is that many of the poor owners are facing resale of their homes at prices below their initial purchase.

b) Common Problems and Goals:

Despite the many “inegalitarian” problems of the economic restructuring, the market-oriented housing reform was able to be justified on the grounds that, *politically* it was a way of eradicating the remnants of the *ancien régime*, and *economically* it would lead to the

⁶ 김현수 「북한의 도시계획과 통일 후의 공간구조 변화전망」 2002.

⁷ 김현수 「북한의 도시계획과 통일 후의 공간구조 변화전망」 2002.

establishment of the basic structure of a housing market. The common goals these countries in transition have tried to provide were 1) how to reduce the impact of high level of state intervention during the process of transition process in order to minimize fiscal pressures; 2) which method of rent increase to take in order to rationalize the market; 3) how to create the housing demand; and 4) how to lead a stable establishment of the housing market via various institutional and financial systems, and etc among other things.⁸ The common problems in the process of housing reform were:

- unsatisfactory level of the retreat of the state and malfunctioning of the market economy despite the many institutional support;
- virtual non-existence of housing demand with adequate purchasing power and the resultant consequence of the inability of new housing provision in the private sector;
- explosive increases in housing prices in the beginning period of reform;
- low priority of the housing issue on the reform policy agenda and its use as a “shock absorber” for mitigating the negative impact of the economic restructuring;
- political and populist approach to housing problems rather than economic and scientific approach;
- difficulties with public rental reform and its continuation leading to deterioration of the housing stock;
- And low levels of policy considerations for the low-income households in the process of housing ownership reforms and privatization.

⁸ 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

II. Beijing

Chinese Housing Policy: Socialist Period and Beijing

1. Background: Nationalization, Industrialization, Urbanization and the Housing Question

The foundation of the People's Republic of China in 1949 has been left with decades-long legacy of political, economic, social and spatial problems. After the end of the Second Sino-Japanese War which lasted between 1937 and 1945, and the civil war between the Nationalist Kuomintang (KMT) and the Chinese Communist faction (CCP) which lasted between 1927 and 1949, the country was devastated economically with problems of state financial crises and soaring inflations. Social inequities manifest in imperial land and property relations inherited from the centuries-old feudal order have been greater than ever, intensified by the corrupt system of government under the Nationalist Party of Kuomintang during the Republican years. Inter-urban and intra-urban inequalities across the national territory have been extreme, between the rich and half-colonized mercantile coastal regions and the impoverished inner regions on one hand, and between the wealthy landlords and industrial capitalists in the city and destitute proletariat in the countryside on the other hand. In the question of housing for these radically polarized societies, the wealthy bureaucrats, bourgeois and foreigners were housed in private villas and luxury mansions while the working classes were settled in urban slums and rural makeshift shelters.

The victory of the Communist Party in the civil war and their purported claim of societal transformation rested on the prime notion of revolutionizing all that had represented the traditional notion of Chineseness; and at the very core of it laid the ordered spatial hierarchy of *property relations* (base in Marxist theory, along with *employer-employee work conditions* and *technical division of labor* which together with *property relations* determine the forces and relations of production), which was to be radically reordered so as to transform the *superstructure* (*culture, institutions, political power structures, roles, rituals, and state*). Thus the nationalization of landed property together with its inherited forms of social relations was to be executed across the national territory, followed by the adoption of Soviet-style economic planning system and politico-administrative institutions. The state's centralization of power and planning efficacy were to be expressed in the accelerating modernization, industrialization and urbanization of Chinese economy, society, and territory, "to catch up with the industrialized West – the USA and the Great Britain". Under these circumstances, the question of spatiality – particularly in the politico-administrative center of the national capital, Beijing – took on a double significance of both the methodological means and symbolic ends. Thus, the project of nation-building necessarily implicated the transformation of an imperial capital to a socialist capital.

The Chinese socialist public housing system was established under this background. To address the housing problems of the new proletariat in the city and to boost the takeoff of industrialization, the Communist authority engaged in a large-scale production and distribution of social housing for all urban residents. Under the classical Marxism, housing

was a form of “means of subsistence” which was to be collectively developed and consumed through the centralized distribution system of the state. It was regarded as a fundamental right of a socialist man rather than a commodity item. By 1951, the communist state nationalized all properties that belonged to the “civil war criminals, traitors, bureaucratic capitalists, and members of the counterrevolution”, leading to the nationalization and collectivization of all means of production in the *Socialist Transformation* (1953~1956). The 1954 enactment of the first *Constitution of the People's Republic* entitled the state the right to purchase, expropriate and nationalize all urban or rural land and other means of production in the interest of serving the public. Any building constructions in the city, including the housing development, were to be approved by the government: plots would be distributed based on the application from the developers and annual plans would be issued by the government. Public land ownership became the single important precondition for large-scale public housing development. However, contrary to the common sense of estimating the greater significance of urban planning in a *planned economy*, the reality was rather different in a *shortage economy* under the vertical axis of power:

In theory, public ownership and the centrally planned system should provide favorable conditions for the realization of planning ideas. In practice, construction investment was channeled through all-powerful vertical sectoral lines, over which the planning department had little control. In theory, all construction projects should be put under the supervision of planners. In practice, planners operated in the lower echelon of the power system and did not possess adequate means for regulation... Urban planning turned out to be a weak intermediate element in the socialist production of space, unable to correct biases created by the system according to the profession's own criteria.⁹

Public housing in the city was an effective and essential component of national modernization and industrialization. The Chinese socialist city was organized by heavy concentrations of heavy industries, thereby satisfying the objective of being a city of *production* (as opposed to a city of *consumption* as in capitalist worlds). The rural countryside was designated as the food supplying region for the urban areas through its industrialized agricultural production. In this dualist national spatial structure, a binary social structure was created, with the urbanites being provisioned the necessary public housing support and the rural workers being assigned to agricultural collectives and communes. In Beijing, the pressure of housing was even greater, as it was not only the proposed center of political, administrative, economic and industrial organizations, but also of cultural, academic, and historical institutions. There was a significant population increase in Beijing, from 1.65 million in 1949 to 3.21 million in 1957.¹⁰

2. The Political History and Policies of Socialist Housing

⁹ Lu, Duanfang. *Remaking Chinese Urban Form: Modernity, Scarcity and Space, 1949-2005*. New York: Routledge, 2006. Print.p. 15

¹⁰ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print. p. 103

a) The Politics and Policies of Socialist Public Housing in Beijing and China: A General Overview

In China, urban housing had constituted a form of brick-and-mortar wage as well as a redistributive tool.¹¹ Prior to the economic reform of 1978, the position of new urban housing was subordinate to the spatial policies of other urban land-uses, particularly those of industry and work units.¹² The social strata in Chinese cities during the socialist times were spatially organized by the interplay of existing housing stock (with variations in quality and locational advantages) and state policy of housing allocation system via the work units (with varying influences based on the respective power of the work units and the individuals).

The urban housing policy of Beijing before 1988 reform could be summarized as one of state construction, administrative allocation, and low rent. As collectively constructed and managed flats, the standard design, layout, and policy of urban rental housing were basic yet egalitarian. As an average Chinese citizen, with the exception of the top party elites, there was virtually no housing choice available as the only channel of obtaining housing was through the state allocation of a rental unit through one's work unit. State policy was thus the "principal determinant of the socio-spatial pattern of Chinese cities" via land-use planning and housing policies. The decisions on urban housing were made by two groups: work units which had funds for housing construction; and lower level government departments such as the administration office of an urban district with a budget for housing provision for their civil servant employees. Thus the socialist public housing system of China was characterized by the work unit welfare housing and the standardization of housing provision.

Under the planned economic system in China, the urban development project was centrally planned, financed and supervised by the government although its actual implementation was shared by the municipality and state work unit. The development, allocation, and management of public housing were the responsibilities of the *danwei* (*work unit*). Work unit and its supervisory state departments were together responsible for the development of infrastructure, roads and buildings which were directly related to the daily operation of the work unit, including the housing quarters for the employees. As the construction of urban infrastructure, roads and buildings were financed by the local government, the work unit took on the responsibility of new constructions for the public housing units for its employees. This approach was known as the *work unit self-construction method* in public housing development. The *work unit self-construction method* led to a characteristic socio-spatial morphology of Chinese cities – the *work unit community* – which represented the association of the individual to his/her work unit as an autarkic unit of social life and a self-sustained community. In the *work unit community*, public housing, workplace and communal facilities were developed together in close proximity within a walled compound in the form of *dayuan* (mega-yard) to support the resident's daily life (i.e. restaurant, canteen, school, daycare center, clinic and hospital, social club, cinema, guesthouse, public bathroom, sport facility, park and

¹¹ Sit, Victor F. S. "A Window on Beijing: the social geography of urban housing in a period of transition, 1985-1990", *Third World Planning Review* 22.3 (2000): p. 245.

¹² Sit, Victor F. S. "A Window on Beijing: the social geography of urban housing in a period of transition, 1985-1990", *Third World Planning Review* 22.3 (2000): p. 238.

garden, and other public space). However in Beijing, due to the lack of available land for new construction of public housing, the socio-spatial unity of a *work unit community* was not widely implemented and this led to a more heterogeneous landscape of *work unit communities*. Even in the new residential quarters of the old city, the newly redeveloped housing units were dependent on the urban facilities and public infrastructures.

The standardization of housing guaranteed not only the unified and ranked standards of housing allocations and designs, but also the standardized and industrialized construction of public housing. The purpose behind the standardization of housing construction was to boost large-scale development of public housing under the spirit of collectivity inherited from the Soviet-style orthodox socialism. In a planned socialist economy and society, industrialization was not only the *means*, but the *end*. The society itself was centralized, industrialized, and collectivized into a totalitarian uniformity, with each person materialized in his/her particular position as part of this larger *machine*. Housing, as a means of subsistence, was allocated to according to one's ranking and the quality of housing generally corresponded to one's contribution to the society. Under the context of Chinese socialism, this totalitarian aspect of Soviet state socialism was curiously harmonized with the Chinese traditional value of Confucianism, both of which prioritized the value of the collective over the value of the individual and the respect for authority in a vertical organization of social hierarchy. Generally the unified housing allocation standard in Beijing was higher than the national standard.

However, despite the attempt at mass standardization and homogenization of public housing provision, due to the considerable variations inherent in the geography, history, sociality, culture and economy of different regions, the Chinese version of housing standardization invariably led to significant variations, with each provincial and municipal government issuing its own local standard of public housing allocation. With respect to the design and function of public housing units, the task was decentralized to the local government by the end of the 1950s in order to satisfy the specific local needs and circumstances. The standard plan for housing provision was frequently updated to the changing standard of housing allocation. The exception was the period of the Cultural Revolution, which under the dominance of extreme collectivism and ultra-leftism led to an overemphasis of design and planning. The standardization of design would meet its own demise in the beginning of the 1980s under the marketization and commodification trends, which stressed the diversification of housing design and planning system to meet the specific local needs. The standardization of housing was thus criticized and stigmatized as a *sin* of the socialist times as were many other facets of the transitional society.

In the early 1950s, in order to realize the Socialist Transformation of the society and the country and to deal with the urban housing problems of shortage and inequity, the early Communist state initiated two approaches to the public housing construction and provision. The first one was the nationalization of the existing private housing stock and the second one was the large-scale construction of new public housing. For the nationalization of the existing private housing stock, the Beijing municipal government intervened in the housing market by regulating the housing rent, subsidizing the housing maintenance and facilitating the housing transaction. In the early 1950s, the share of public housing accounted for only 23% of the

total housing stock while the private housing accounted for the remaining 77%.¹³ A private owner could keep no more than 15 rooms of his/her housing space for private occupation or rental, and anything in excess of the 15 rooms was considered “superfluous” and thus “socialized”. At the same time, *Commissioned Rental Housing (Jingzufang)* policy was implemented to control the rent of private rental sector. This forced the private owners commissioned by the government to maintain, manage and rent their unoccupied housing units with a standard rent (Standard Rental Housing, a de facto privately owned but publicly rented housing system which would be totally socialized during the Cultural Revolution). Thus the municipal government of Beijing was able to control the majority of housing resources in the old city of Beijing (*hutong* areas) and provide affordable housing. Until the 1980s, significant parts of the *hutong* courtyard houses would be transformed into public housing as part of this nationalization scheme. As a result of this effort, the problems of housing inequity, spatial segregation, and housing conditions disparity were partially solved. However, due to the lack of adequate infrastructures and urban facilities, the living conditions in these *hutong* areas were still significantly worse than the newly developed areas.

For the large-scale construction of new public housing, it was related to both urban renewal and urban expansion. Between 1949 and 1997, more than 143 million square meters of newly built public housing were added to Beijing. For the urban renewal, a primary method of cleaning up the slums and reusing the empty lands in the old city (especially in the Outer City) was utilized for the purpose of revitalizing the deteriorated *hutong* areas. This approach was nevertheless constrained in its scope due to the limited amount of space available in the city proper, and was therefore combined with the urban expansion resulting from urbanization. In Beijing, except for the newly constructed public housing in the old city (inside the 2nd ring road), most of the socialist public housing neighborhoods were constructed in the expanding area of the city between the 2nd and 4th ring roads and in those satellite towns developed from the 1950s to the 1990s. These newly constructed public housing units were equipped with modern infrastructures and amenities, including water supply, sewage system, electricity, central heating, hygienic facilities, etc and thus being identified with socialist modern urbanism and progressive residential haven. Moving to these apartment blocks and enjoying the life of “upstairs and downstairs, electric light and telephone” became a yearning ideal of many Beijingers at that time. As a result of these two measures of nationalization of existing private housing stock and the large-scale construction of new public housing, the development of owner-occupied private housing, which was considered as a form of capitalistic property ownership, was restrained in Beijing: its share decreased from 48.2% in 1958 to 17% in 1990 (Gu Chaolin et al, 1997).¹⁴

The *unified construction method* was another approach to public housing development apart from the work unit self-construction. This approach was managed by the local government which was more capable of efficiently coordinating investment and land supply for large-scale public housing development in either urban expansion or urban renewal than the work unit. This approach was adopted in the 1950s in Beijing and other major cities as a plan to

¹³ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.

¹⁴ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print. p. 577

integrate the urban form and public facilities. In the 1970s, it was implemented in large scales to solve the problem of housing shortage created by the expanded urban population. The municipal government of Beijing, through the establishment of *the Offices for Unified Housing Development* (OUHD), developed large-scale residential areas. In the 1980s, along with the commodification of housing stocks and the emergence of real estate industry, the unified construction method took on a commercial task through *comprehensive development* strategy. The OUHD transformed itself entrepreneurially as a kind of real estate developer for the municipal urban development. Replacing the free welfare provision of public housing, *commodity housing* became a new source of public housing provision. The largest purchaser of these commodity housing stocks was the work unit, which would collectively purchase them for the purpose of distributing to its employees as public rental dwellings. Apart from the municipal development companies such as the OUHD, there were also many other non-municipal but public real estate development corporations that were established during the process of market-oriented reform. Some of these were owned by the state work units which financed its construction process and supplied land for housing development. Therefore the 1980s and the 1990s before the radical housing reform in 1998 can be considered as a *semi-marketized* yet *commercializing* phase of public housing development and provision. The unified construction method indeed contributed to the improvement of public housing provision for those smaller work units which were incapable of self-constructing housing for its employees due to lack of budget and land supply. It also helped overcome the urban fragmentation caused by the uncontrolled self-construction of housing by the powerful work units.

b) Periodization of Public Housing Policy and Spatial Developments

The periodization of public housing policies and developments are as follows:

① The Establishment of the Socialist Public Housing System and the Emulation of the Soviet Model – under the Context of the Socialist Transformation and the First 5-Year Plan (1949~1957)

The period between 1949 and 1957 was *the first golden age* of Chinese socialist public housing program, pursued during the period of national Socialist Transformation and the First 5-year Plan (1953~1957). It was a period of national economic recovery and postwar reconstruction from the ravages of the Sino-Japanese and the civil war. During this period, the private economy existed to a certain degree. As a means of production, land was nationalized in the city for the purpose of industrial development, infrastructure construction and urban renewal or urban extension, paralleling the collectivization of land in the rural countryside. The process of industrialization was accompanied by large-scale urbanization. Beijing housed many central governmental, academic and cultural centers, thereby becoming a politico-administrative capital as well as an industrial-productive city.

The state had a purpose of increasing the proportion of the working class in the total population of the city, following the centrifugal urban expansion from its historical core which solidified its mono-centric spatial structure. As a basic local unit of housing

development, allocation and management, the work unit was given a special position in the Chinese urban society. In 1955, the “*low wages and high benefits*” system was established with the rents of public housing set at lower rates than before. Large-scale public housing developments took place in both the urban expansion area and the old inner city area of Beijing, with the effect of raising the annual figure of floor area in completed housing units.

From 1956, the work unit self-construction became the dominant mode of public housing development. In architectural style, the Soviet socialist realism and other western stylistic concepts were combined with traditional Chinese designs, such as the “big roof” in the public housing construction. However, from the mid 1950s, the Soviet socialist realism touted by Joseph Stalin was questioned and critiqued and the architectural design and planning philosophy turned toward the economization of building practices. This led to the reduction in the average cost of urban housing construction and the subordination of the public housing development to the heavy industrial development. The Soviet planning concept was *Neighborhood* was increasingly being criticized for its formalism and inflexibility to the local circumstances, and was replaced by the newly introduced concept of *Residential Quarter*.

② Experimentation of Public Housing Program with a Focus on a Chinese National Model – from the Great Leap Forward to the Early Cultural Revolution Period (1958~1970)

This period spanned from the *Great Leap Forward* (1958~1960) to the early years of the *Cultural Revolution* (1966~1976). The inefficiency of the Soviet mode of economic development and the break of the Sino-Soviet alliance in the late 1950s led to the determination of China to pursue its own trajectory of national development in state socialism. The ultra-leftist political-economic experiments of the *Great Leap Forward* and the *Cultural Revolution* inevitably left their mark on the public housing system of China, from the planning and construction to the design and allocation. As a result of the high-speed industrialization of heavy industries, public housing development as part of the non-productive investment was sharply curtailed despite the drastic increase in urban population of Beijing (from 3.2 million in 1957 to 4.56 million in 1960).¹⁵ This led to a great pressure on the urban housing situation in the city.

Paralleling the *Great Leap Forward* movement was the *People's Commune Movement* which was activated in the rural countryside in order to eliminate the contradictions of urban-regional spaces according to the Marxist theory of development and to increase the agricultural output for supporting the urban-based high-speed industrialization. It aimed to promote an advanced form of social organization toward the ideal communist society by organizing and collectivizing people's communes in the rural areas. However, despite their nobly professed objectives, both the *Great Leap Forward* and the *People's Commune* movements restrained industrial and agricultural productions and aggravated the unbalanced developments between the industrial and agricultural sectors. Their impact also had tantamount exertion on the urban planning and construction of Beijing and other large cities.

¹⁵ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.

The first official master plan of Beijing, *The Master Plan of Urban Construction in Beijing* was proposed in 1957 and approved in 1958, confirming the *scattered agglomerations spatial layout*: mono-centric spatial structure with surrounding satellite towns as peripheral clusters separated by greenbelts. According to this plan, the urban expansion of the central area was guided by functional zoning, with two peripheral clusters for industrial, tourism and recreational use. The Residential Quarter was defined as a basic cell of self-sustained community. A mixture of different functions with many subdivisions was introduced into urban communities. However, the ultra-leftist ideology of the *Great Leap Forward* and the *People's Commune* movements led to great lowering of housing standards and productions, sacrificing the quality for the quantity; investment levels in public housing along with housing standards tressed backward to the level of 1949.

To solve the problem of labor shortage in the agricultural areas which was induced by the rapid urbanization during the Great Leap Forward movement, deurbanization policies were implemented by sending back the newcomers to the city to the rural countryside. As a result, Beijing's population of permanent urban residents decreased from 4.56 million in 1960 to 4.21 million in 1962.¹⁶ In addition, the *hukou* registration system of residence (originally instituted in 1958) was reinforced in 1964 for controlling the urban population growth. The deurbanization policy and the *hukou* registration system of residence together helped alleviate the urban problems caused by the *Great Leap Forward* movement, including the housing shortage. Nevertheless, along with the reduced capital construction and deurbanization policy, urban housing investment was dropped to a lowest level since 1953. The economy of housing development was still stressed, and the small-sized apartment for one family was adopted as the mainstream method of public housing development.

A more radical turnaround of events took place when the Cultural Revolution was instigated in 1966 by Mao Zedong. The intended purpose of the political movement was to stir up the bottom-up forces of the society to break down the existing bureaucratic and capitalist classes and establish a new revolutionary culture for the masses. This ultra-leftist ideology and the activation of class struggle threw the entire nation into a total frenzy of political fanaticism, which subordinated the already unbalanced economic development to its political campaign. At the same time, the continual growth of the urban population and economic policy of prioritizing the heavy industry, shortage of employment in the city became a serious problem by the mid 1960s. This was paralleled by the stagnancy in rural agricultural production due to the lack of available arable land. And thus the government responded by advocating land-saving and control of urban expansion. The deurbanization policy was reinstated in the form of political movements by sending the highschool graduates to the rural areas and countryside and the urban residents to the peri-urban areas to help with local developments. As a result, the urban population of Beijing was reduced from 4.48 million in 1965 to 4.03 million in 1970.¹⁷

¹⁶ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.

¹⁷ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.

During this time, the entire nation's urban planning, urban governance, and housing construction were eradicated. Between 1969 and 1972, the urban construction in Beijing was under a totally uncontrolled situation. Consequently, investment in non-productive construction, including public housing investment, reached record low levels. For those housing constructions that did take place, the focus was on extreme economism, which was based on reducing the construction costs and lowering the housing standards, including simplification of housing designs. With the improvement of building technologies since the beginning the 1960s, standardization of housing construction was achieved through the installation of prefabricated concrete panels.

③ The Establishment of the Socialist Public Housing System with Chinese Identities – the Late Cultural Revolution Period and its Influence (1971~1978)

This was the late years of the Cultural Revolution in which the process of urbanization was restarted. Public housing construction and investment were boosted again and despite the ultra-leftist ideology and housing standards were improved. Creative development strategies, innovative planning concepts and adapted design criteria of public housing as well as industrialized building systems were introduced and promoted. The Chinese socialist public housing system was finally established.

In the second half of the Cultural Revolution, the ultra-leftism of the mass campaign had dwindled and a sense of pragmatism regained strength. Social order was being established, economic development was being reexerted, and the socialist public housing system was being finalized with distinct Chinese identities. After 1973, economic development was being reemphasized and the authorities in urban planning, construction and governance were reappointed after being purged during the early period of the *Cultural Revolution*. The process of urbanization had restarted with the mass numbers of youths and people started returning to the cities from the peri-urban and rural areas after 1973. The urban population of Beijing had regrown from 4.03 million in 1970 to 4.43 million in 1975.¹⁸ This consequently intensified the population pressure and housing shortage in the big cities, which led to new urban constructions. Public housing was reboosted with localization of the original Soviet model of public housing system into Chinese context. New and creative housing development strategies were introduced with a special emphasis on housing densities for the purpose of land savings.

The problem of housing shortage was dealt by two parallel but seemingly contradictory methods: the top-down *centralization* of residential and infrastructural construction by the local government and the bottom-up *decentralization* of housing development strategies by the work units and individuals. The top-down *centralization* of residential and infrastructural construction by the local government tried to combine the previously bifurcated method of

¹⁸ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.

urban construction with the housing construction carried by the work unit and the infrastructural/facility construction carried by the municipal government, for the purpose of improving the efficiency of housing construction. In order to do this, the concept of comprehensive development and unified construction was promoted in addition to the work unit self-construction from the 1970s. The responsibilities of housing development were left to the local government such as the OUHDs and other municipal departments although the allocative task was still the domain of the work unit. At the same time, the bottom-up *decentralization* of housing development strategies by the work units and individuals was promoted for the purpose of deregulating institutional constraints facing housing construction and boosting construction levels. From 1974, the work units were allowed to explore their own financial avenues for developing housing on their own land, and this led to a great boom in housing construction in the old inner city areas of Beijing. From the late 1970s, individuals were encouraged to carry on self-extension of their housing, mostly in the hutong courtyard houses. Although these two bottom-up strategies led to some alleviation of housing shortages in the city, they also created a series of side effects, such as the distortion of urban form, urban defragmentation, increased pressure on urban infrastructural service provision, and proliferation of illegal construction, which all led to an overall reduction of the quality of life in the city.

Also during this time, the basic administrative structure of public housing areas – the 3-tiered levels of Residential District (30,000~50,000 residents), Residential Quarter (5,000~10,000 residents), and Residential Cluster (1,000~3,000 residents) – was established. The Residential Quarter still remained the most important unit of public housing provision as a basic cell independently accommodating the urban resident's daily needs. The linear multistory row-housing, despite their monotonous barrack-looking structure, had become a dominant answer in the 1970s for economic reasons related to the lack of available land and the urgency of maximizing housing density. At the same time, new spatial layouts and building types were introduced for the purpose of land-saving, such as the multistory towers (apartment buildings) and high-rise apartment blocks (People's Commune Mansion)

3. The History of Socialist Housing Developments and its Impacts on Beijing

Although the Chinese cities are becoming capitalist in many respects, the socio-spatial template inherited from the past continues to shape post-reform urban development. The characteristics of Chinese urban form did not necessarily match the creeds of socialism, nor were they always intended by socialist planners in the first place. However, the urban form and function of socialist Beijing were nonetheless *socialist* in nature, as they were produced as part of socialist production and accumulation strategies.

Chinese cities (including Beijing) since the early 1950s were largely introverted and endogenous based on state-led self-reliant industrialization ¹⁹ which began as part of a larger

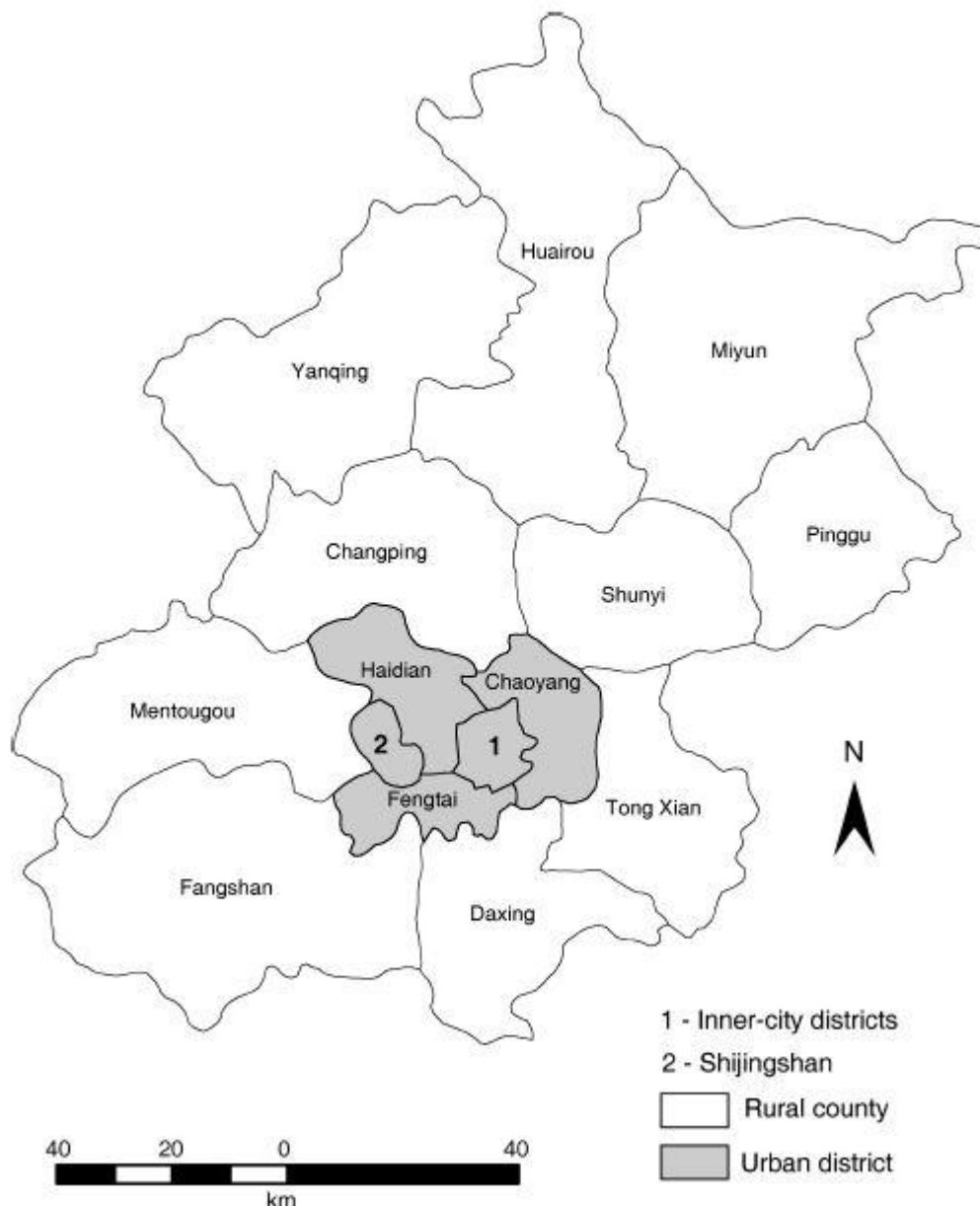
¹⁹ Gu, Chaolin. Wang, Fahui. Liu, Guili. "The Structure of Social Space in Beijing in 1998: a Socialist City in Transition" *Urban Geography* 26.2 (2005): p. 171. Print

national effort to transform the “city of consumption” into the “city of production” by shifting its growth strategy from consumption and service industries to industrial development. Under the absence of a land market and housing market, the socialist city of Beijing and its landscape were dominated by more or less a vast collection of individual work units and its self-contained neighborhood systems. As a result, the functional-spatial differentiation and intraurban zoning one would see in a capitalist city were much less visible and strong. In terms of housing, Beijing had substantial amount of slums and substandard self-built housing in 1949 much like all other large Chinese cities. Many neighborhoods lacked electricity, clean water, and adequate sanitary facilities which were exacerbated immediately after 1949 when masses of migrants built single-story, poor-quality housing in open areas throughout the city.²⁰

Large-scale public housing development in a modern-socialist sense began after the foundation of the People’s Republic of China (PRC) in 1949. The Soviet system of political economy was introduced to China along with the socialist system of public housing via public rental housing. Large number of public housing was developed in Beijing and other major cities. For the next 50 years, approximately 140 million square meters of public housing were developed in Beijing, which reached 80% of the total urban housing stock of the city by 1980.²¹ The socialist public housing development determined the physical morphology of Beijing. Work-Unit-based public housing system resulted in the formation of work unit communities (*danwei shehui*) which comprised the basic unit of public housing system. Local communities organized around sub-district offices and resident committees played complementary roles.

²⁰ Gaubatz, Piper. “Changing Beijing” Geographical Review 85.1 (1995): p. 85

²¹ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.



(Beijing Region – source: Gu, Chaolin. Wang, Fahui. Liu, Guili. “The Structure of Social Space in Beijing in 1998: a Socialist City in Transition” *Urban Geography* 26.2 (2005): p. 171. Print)

The first master plan for Beijing was produced in 1952 according to soviet-style planning doctrines, leading to the creation of Tiananmen Square and new buildings around it, such as the Great Hall of the People. This acted as a major counterpoint to *the Forbidden City* and reinforced the power of the CCP.²² When the Soviet experts came to assist various national development and modernization initiatives in 1953, including housing, they introduced the concept of a ‘superblock’ (four to six story blocks of flats around a public quadrangle which contained public facilities) and it became the dominant housing type for a short period of time until in 1956, the ‘microdistrict’ concept was introduced.

²² Cook, *The Making and Selling of Post-Mao Beijing*. p. 67

Microdistricts were introduced to China in 1956 and were established as the dominant model of residential planning in the early 1960s. It was soon employed as the basic unit of residential planning in the 1957 preliminary master plan proposal for Beijing. Its rationale and application was to be as a socialist planning device which could help strengthen local-level political participation. However, due to limiting constraints in resources and planning powers, planners failed to materialize the model to any great extent before 1978. Microdistrict contained neighborhood units, which in turn contained individual housing units. They sought the integration of production and residence run by danwei (work unit), usually behind walls that restricted through traffic. They also introduced the Soviet concept of ‘residential complex’, an average block of four to five story buildings adopted and modified to fit a site of 9-to-15 hectares of Beijing’s residential areas. Running along the same principles with Romania’s Systemization plan, the microdistrict concept was applied to both rural and urban areas:

Planners believed that peasants could be rehabilitated fundamentally by revolutionizing small settlements. They proposed a complete reorganization of scattered, small villages into concentrated, large residential clusters according to modern urban and regional planning principles.²³

It is said that consequently, although planners strived to reverse the self-contained development model of the work unit by consistently stressing the microdistrict schema and coordinated urban growth, their actual influence was feeble. With the economic reforms following the end of the Mao era in 1978, there was an increased mobility of the populations and decline of the work unit system which called for new forms of urban governance in China. A discourse on ‘community building’ indicated that the new community is conceptualized as a form of grassroots organization with a defined territory. As there were more and more urbanites who moved to micro-district type communities from urban-block-type and work-unit-type, the microdistrict emerged as the dominant basic unit of urban governance.²⁴

The Soviet town planning model – a medium sized city with several satellite towns – was applied to Chinese cities with mixed results. The idea and purpose behind socialist town planning was based on the 1935 General Plan of Moscow, in which the planned development of residential areas was to be carried on three organizational levels: that of the superblock, microdistrict (mikrorayon), and the residential complex.²⁵ This Soviet town planning concept in the hierarchy of superblock, microdistrict, and the residential complex was modified into small district, residential district, and the district as well as a variety of spatial layouts and building types, such as the peripheral courtyard blocks, linear-arrayed row-housing, multi-

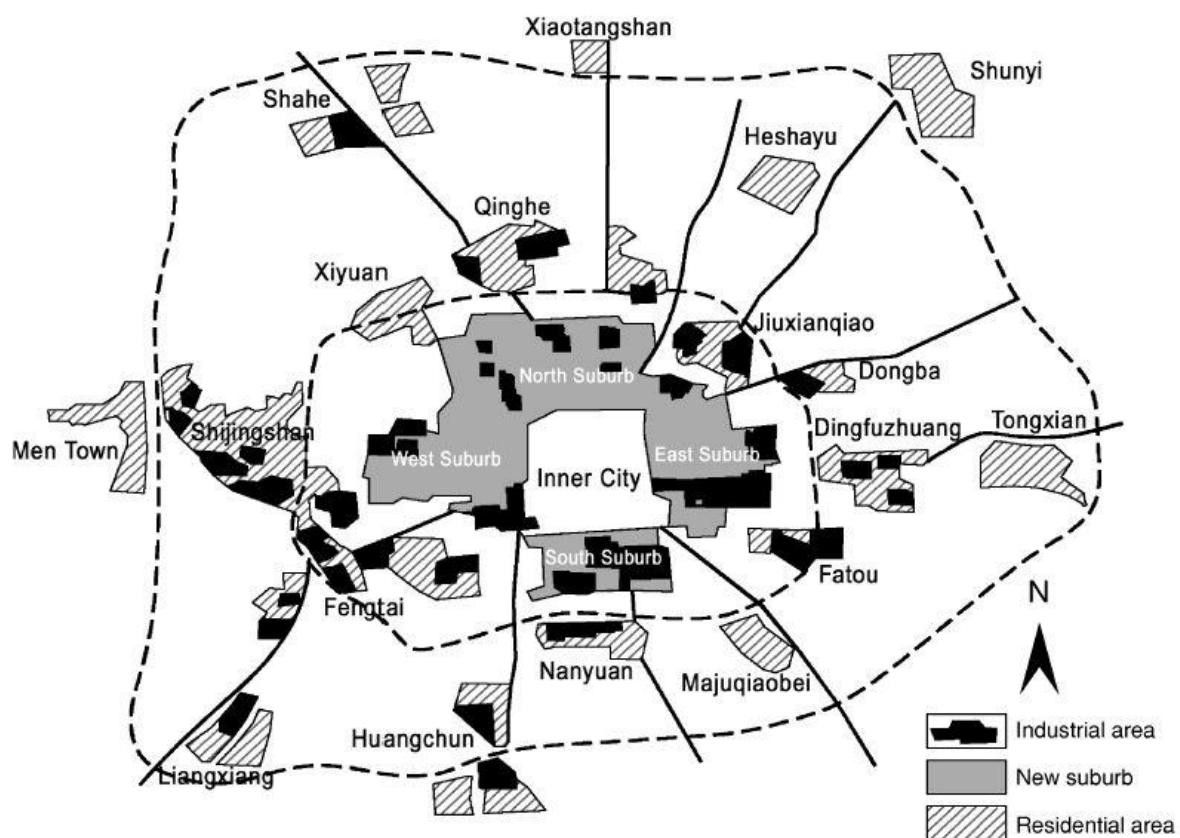
²³ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” Asian Social Science 9.3 (2013): 7-14

²⁴ Lu, Duanfang. *Remaking Chinese Urban Form: Modernity, Scarcity and Space, 1949-2005*. New York: Routledge, 2006. Print. p. 45

²⁵ Sit, Victor F. S. “Soviet Influence on Urban Planning in Beijing, 1949-1991”, *The Town Planning Review* 67.4 (1996): p. 464. Print

story towers, multi-story housing clusters, high-rise slabs and towers under the Chinese context.

Significant progress was made in the 1950s in terms of housing provision, with all residents being allocated housing either in new structures provided by their work units or in former single-family courtyard housing subdivided by government for multiple occupancies. Neighborhoods were provided with electricity, water, and sanitary facilities and workers were ideally housed on the site of their work unit. Most of the neighborhoods developed after 1949 were overcrowded due to: the courtyard housing being subject to occupation and infilling as private homes were redistributed and subdivided; and construction by migrants creating areas of ramshackle one-story houses and lean-tos built in crude imitation of traditional courtyard-style housing.²⁶ Through this national housing program, the former housing market was virtually eliminated by the mid 1950s and replaced by a welfare-oriented system dominated by public rental housing units constructed and maintained by the state work units (danwei) and the municipal housing bureau.²⁷ Rental occupancy became the norm, with rents set at nominal levels. The 1950s and 1960s saw great housing boom with highrise and midrise flats replacing the old low-level *hutongs* (alleys) of the traditional city.



Beijing's Master Plan with Industrial-Residential Clusters in 1958.

²⁶ Gaubatz, Piper. "Changing Beijing" Geographical Review 85.1 (1995): p. 86

²⁷ Huang, 2004: Li & Yi, "The Road to Homeownership under Market Transition, Beijing, 1980~2001", Urban Affairs Review 2007, p. 342.

(Source: Chan, 1994: Gu, Wang & Liu, "The Structure of Social Space in Beijing in 1998: a Socialist City in Transition, *Urban Geography*, 2005, p. 171).

Urban housing strategies changed in the period between 1958 and 1965. Domestic housing construction followed the 'small district' layout based on the neighborhood unit concept with four to five story buildings, green space and supporting communal facilities.²⁸ When the communes were set up in 1958 as part of the 'Great Leap Forward' movement, housing as shelter constituted one of the "Five Guarantees" to commune members (the other four being food, clothes, firewood and burial services, with healthcare and education often being substituted for one or more of these). (Wang, 2008, p.5 : Cook, Gu, Halsall, 2013 – Asian Social Science). The second master plan for Beijing in the wake of the Great Leap Forward in 1958 sought to achieve the unity of residence and workplace in each work unit (danwei), and also the unity of urban and rural areas by designating rural open spaces between the clusters. It is noted that the spatial expansion of Beijing had followed the cluster pattern intended in the master plan well into the late 1970s. The second master plan led to the establishment of 10 industrial-residential clusters in the outer rim of the inner city (now suburbs) as a major legacy of socialist urban planning of Beijing. Also many industrial plants and functions were added to Beijing, including 20 steel mills, petrochemical plants and other noxious industries within the inner city boundary, iron and steel works in the outer areas, etc. Accordingly, commercial functions were reduced significantly.

Beijing's housing stock grew very slowly during the Cultural Revolution (1966-1976), a period known as the dark days of the city's urban development; only 6.0 million square meters were added. The industrialization of the urban environment was followed by the sweeping social upheaval of the Cultural Revolution in 1966, with the Red Guards occupying the Tiananmen Square, which turned Beijing into a rather austere city. The Maoist city had achieved a morphology made up in large part of a jigsaw puzzle of self-contained and spatially demarcated work units surrounding the old city core. This morphology contrasted sharply with that of modern capitalist cities, where urban space is characterized by the separation of land use into commercial, industrial and residential districts. There was a "supplementary and overlapping relationship" between the work unit and the neighborhood, with the former supervising those in its employment and the latter integrating those unemployed (housewives, students, and elderly) (Lu, 2006)²⁹. However, the bleak monotonous character of Beijing with a serious lack of variety and avenues of consumption made the Beijingers themselves complain about the proper nature of their urban home.

The leaders of the CCP and the State Council played a major role in the national housing policy and the various ministries report to them. During the Mao era, Mao Zedong himself led the general direction of housing policy towards the provision of housing for the masses via the commune and/or the work unit (danwei). Housing was of low quality in mid-rise apartment blocks and this type became the norm across the country. In a time of "Spartan and

²⁸ Sit, Victor F. S. "A Window on Beijing: the social geography of urban housing in a period of transition, 1985-1990", *Third World Planning Review* 22.3 (2000): p. 244

²⁹ Cook, Ian G. Gu, Chaolin. Halsall Jamie. "China's Low Income Urban Housing" *Asian Social Science* 9.3 (2013): 7-14

austere” lifestyles and expectations, family aspirations in terms of material goods were low, therefore the low quality mass housing, devoid of hot water and central heating, was not taken for granted. These dilapidated mid-rise apartment blocks from the Mao era still contain significant numbers of low-income people who require better housing.

By the late 1970s, despite the nationwide effort by the state, it had become obvious that Beijing had faced a severe housing shortage problem due to the following issues: children that had hitherto lived with their parents were seeking their own new homes after marriage; large numbers of people that had spent years in the countryside during the Cultural Revolution were returning back to the cities; and increasing numbers of people were migrating to cities in search of jobs.³⁰ Compounding the interplay of these issues was the fact that the Chinese state deliberately underinvested in housing from the early 1960s in order to discourage urban population growth; there were very little housing constructed from this period and they were now badly in need of repair. The 1976 Tangshan earthquake also damaged many old courtyard houses making them inhabitable. By the 1970s, Beijing had a dual spatial structure according to two population groups: the original inhabitants and their offspring in the old inner city; and the new inhabitants in the suburbs³¹. In the old inner city, the dwellings were mostly crowded one-story courtyard houses with poor plumbing and other utility facilities, while in the suburbs, work units built multistory apartment buildings for housing their employees, also with poor basic facilities. While the quality of housing was poor in both the inner city and the suburbs, it is noted that the inner city was still preferred for its easy access to various urban facilities. The architects and planners were concerned about the preservation of traditional courtyard housing, which led to a large stock being designated for preservation in areas of the central-northern section of the old city between the bell tower and the Anding Gate.³²

In December 1974, the Beijing municipal government prepared two documents for the State Council and the Central Committee of the CCP, urging for a greater investment in housing and basic urban infrastructure in Beijing by halting or slowing the pace of constructing “production space” in favor of more residential space³³. This led to a balance being struck between the “productive” and “consumptive” elements in the city construction as the State Council recognized its importance and instructed the development and construction of the city to be managed under the unified control of the municipality. In 1978 with the end of the Mao era, Deng’s ‘Open Door policy’ was initiated, entailing a new master plan of Beijing that would transform the city into an ‘Open City’.

Chinese Housing Policy: the Reform Era and Beijing

³⁰ Gaubatz, Piper. “Changing Beijing” Geographical Review 85.1 (1995): p. 85

³¹ Gu, Chaolin. Wang, Fahui. Liu, Guili. “The Structure of Social Space in Beijing in 1998: a Socialist City in Transition” *Urban Geography* 26.2 (2005): p. 172

³² Piper Gaubatz, 1995, “Changing Beijing”, Geographical Review, p. 86

³³ Sit, Victor F. S. “Soviet Influence on Urban Planning in Beijing, 1949-1991”, *The Town Planning Review* 67.4 (1996): p. 474

1. Background: Economic Reform and the Changing Interrelationships between the State, Market and Society

Before the transition into a market-oriented economy, Chinese society was governed by a totalitarian state in which the state and society were so tightly entangled and embedded in each other so as to make it difficult to distinguish the boundary between them. As a natural consequence of the transition of the economy followed the reorientation of the society toward a market one.³⁴ There is now a wide consensus amongst the academic fields and scholarships that the economic transition in China has occurred gradually, contrasting from the East European strain of a “shock therapy”. This notion, however, does not contradict the viewpoint that reform can be pervasive and in actuality generate rather radical consequences:

China’s economic reform has largely destroyed the economic and institutional basis of totalitarianism... a transformation from a rigidly planned economy into an increasingly market-oriented one; from an anti-market totalitarian state into a largely pro-business authoritarian one; and from a rigid and administratively ‘mechanic society into a fast-changing, informally liberalized and increasingly ‘organic’ society³⁵

Deng’s economic reforms were launched in 1978 with three major sequential components: the rural reforms in 1978, the Open Door Policy in 1979, and the urban reforms in 1984.³⁶ The reform agenda contained multifaceted measures such as the abolition of the agricultural communes, the ‘Four modernizations’, and the ‘Open Door’ policy, aiming to transform the “socialist” China into a “capitalist” China with a socialist market economy. Popular slogans such as “smash the iron rice bowl” (for breaking up the cycle of dependency on the danwei) and “crossing the river by groping the stones” (emphasizing the prudent and incremental steps in the reform experimentation) were propagated and popularized.³⁷ The main thrust of the economic reform (from socialism) has been to adjust the relationship between the state, market, and society. It included efforts to downsize the state, reduce the high levels of public expenditure, improve the effectiveness and efficiency in the provision of public housing and extend the roles of the private sector and non-governmental organizations in housing provision (Desai and Imrie, 1998 Steinberger, 1999).³⁸

³⁴ Wu, Fulong. Xu, Jiang. Yeh, Anthony Gar-on. *Urban Development in Post-Reform China: State, Market and Space*. New York: Routledge, p. 4

³⁵ Wu, Fulong. Xu, Jiang. Yeh, Anthony Gar-on. *Urban Development in Post-Reform China: State, Market and Space*. New York: Routledge, p. 4

³⁶ Gu, Chaolin. Wang, Fahui. Liu, Guili. “The Structure of Social Space in Beijing in 1998: a Socialist City in Transition” *Urban Geography* 26.2 (2005): 172.

³⁷ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

³⁸ Zhang Xing Quan, “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment*, 2002: p. 7.

Historically and even academically, the problem of state and market has traditionally been thought as a boundary problem conceptualized in binary terms: the notions of state and market were contrasted with each other and regarded as separate spheres of activity.³⁹ However, despite the rhetoric on the liberalization of the economy, the state continues to hold a tight grip on the economy and society – in following Evan's (1995), Jessop's (1990), and Poulantza's (1973) conceptualization of the state as a relatively autonomous entity from the interests of powerful capitalist classes – seeking to meet a wide range of goals to balance diverse interests. In fact, economic liberalization helped the Chinese state to overcome the crisis of revenue deficit in the late 1970s and early 1980s and enhanced its governmental capacity: “paradoxically, resource mobility does not lessen state power; rather, competition originating from mobility *legitimizes* the role of the state, which is in the process of transition from defending a ‘proletariat ideology’ to promoting ‘economic rationality.’”⁴⁰ In this context, the role of urban policies in reinforcing the state’s capacity in the face of globalization and economic development has been overlooked.

2. Evolution of Housing Policies under the Economic Reform

a) Transition Strategy of Housing Reform: Privatization, Commodification, and Capitalization

With China's transition from a planned to a “more” market-oriented economy, Chinese cities have been undergoing tremendous transformations. They have been leading the transition at the forefront of economic restructuring and development. Due to the structural problems of housing shortage and financial deficit in housing development during the socialist times, the conflict between the increasingly commercialized economic structure and the still outdated planned system of housing investment and consumption came to the fore of the economic reform issues. The institutional reform of housing notwithstanding, the ideological redefinition of housing – from a form of welfare to a commodity – was more fundamental to the initiation of the overall urban reform process.

The key theme of the post-reform urban scene has been “commodification” – that of the labor (e.g. the migrant workers flocking to cities in search of work), productive resources (e.g. converting the ownership of state-owned enterprise to shareholding companies), and the built environment (e.g. establishing a leasehold land system and commodity housing markets). Likewise, the principle characteristic of China's housing reform has been the commodification of housing by the institutional reform of the previous welfare-based housing system: it included measures such as the liberalization of ownership rights, the monetization

³⁹ Zhang Xing Quan, “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment*, 2002: p. 7.

⁴⁰ Wu, Fulong. Xu, Jiang. Yeh, Anthony Gar-on. *Urban Development in Post-Reform China: State, Market and Space*. New York: Routledge, p. 4

of redistributive mechanism, the marketization of housing stock, diversification of housing supply, professionalization of construction and management, and the modernization of the real estate market. The ultimate objective has been to privatize the stock and to enable the market to play a greater role in the production, allocation, and management of housing and to expand the housing supply: increasing private homeownership by selling homes to medium and low income families at prime production costs. The housing commodification has fueled the promotion of housing market and led to the increasing housing rental fees.

The real estate sector had been picked as a new growth engine of the historical transformation. The profitability in this sector was extremely high and there occurred a shift of capital from the realm of production to the realm of the built (urban) environment. The progress of the housing reform was slow at first, but it sped up from 1992 onward, with the enormous expansion of the private sector housing development with the influx of Hong Kong investments. Subsequently, in the ensuing building boom in the early 1990s, the urban building stock absorbed substantial quantity of these newly invested capitals.

The principal aim of the housing reform was to increase the share of individuals in the total urban housing investment to a reasonable level in order to promote self-financing of the public housing system.⁴¹ The reformation of the public housing distribution system, which generalized the socialist state's answer to the urban housing question, was the core of the housing reform. The realization of the defects of market mechanisms and the limits to the processes of privatization and marketization has led to the search of alternative housing governance mechanisms beyond those centered on either the market or the state (Turnbull, 1996).⁴² Non-governmental forces around the world have come to play an increasingly important role in governing the housing sector and the traditional concept of the state as a controlling and regulating regime for the housing market has come under increasing strain (Steinberger, 1999).⁴³

b) Housing Institutional Reforms and Policies: Historical Overview

The Chinese central state has been generally reluctant to invest heavily in housing before 1979 due to structural constraints of prioritizing heavy industries and the resulting shortage economy. However, the serious overcrowding of housing conditions in the cities led the public and private sectors to demand for a stronger commitment of the government in housing provision and services. Housing reform was not at first an immediate priority being sidelined by the overriding need to introduce the “household responsibility system” in rural areas (thereby making people responsible for their own production targets on family plots)

⁴¹ Hui, Xiaoxi. *Housing, Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. Print.

⁴² Zhang, Xing Quan. “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment* 17.1 (2002): 7-20

⁴³ Zhang, Xing Quan. “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment* 17.1 (2002): p. 8

and to abolish the communes, both of which were accomplished by the mid 1980s.⁴⁴

Housing reform in China has required a major effort to overcome the institutional shortcomings and the capacity failings of the old welfare system. Institutional pluralism has been the main feature of the housing reform, based on an improved governance structure aiming at exploring “alternatives to direct housing provision, thereby enhancing the choice and diversification of housing services and the improvements of the competitive environment in the delivery of housing services” (OECD, 1995).⁴⁵

The urban reforms were adopted nationwide in 1984 with two major elements: urban land-use reform and housing reform. By the urban land-use reform, the previously nationalized urban land with minimal land usage fee and state allocation of land-uses was changed to differentiated land rents with the highest bidder making use of the urban space in more efficient land management practices. In housing reform, the previously work-unit-managed and allocated flats with a small monthly maintenance fee was privatized via subsidized sale through the work unit, along with the introduction of new financing mechanisms in public-private partnerships. In the sphere of housing, major changes were introduced only after the housing reform of 1988.⁴⁶ And it was not until the late 1980s that a few cities started raising rents and selling apartments to tenants in order to finance the construction of more housing.

As a result of the urban land-use and housing reforms, large residential subdivisions (ju-zhu xiao-qu) were planned and constructed collectively, and apartment units were sold on an open market. Housing prices varied across subdivisions, differentiated by location, facility, environment, amenity, and service. Income gaps were also enlarged, generating socioeconomic differentiations with variegated purchasing powers for housing.⁴⁷ Throughout the reform period, housing policies were continuously tested and adjusted according to changes in socioeconomic circumstances.⁴⁸

The housing reform of 1988 aimed to transform what was known as the hidden subsidy into a direct subsidy, which took many forms such as rental coupons or partial down-payments. As policy measures, the CCP has sought the diversification of investment entities, real estate products, and financing methods. The reforms attempted:

- To reorient urban housing from a social good to a real commodity in the market place;
- To reform relevant taxes, wages, and governmental budgetary and financial

⁴⁴ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

⁴⁵ Zhang, Xing Quan. “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment* 17.1 (2002): p. 8

⁴⁶ Sit, Victor F. S. “A Window on Beijing: the social geography of urban housing in a period of transition, 1985-1990”, *Third World Planning Review* 22.3 (2000): p. 238

⁴⁷ Gu, Chaolin. Wang, Fahui. Liu, Guili. “The Structure of Social Space in Beijing in 1998: a Socialist City in Transition” *Urban Geography* 26.2 (2005): p. 173.

⁴⁸ Li & Yi, “The Road to Homeownership under Market Transition, Beijing, 1980~2001”, *Urban Affairs Review* 2007: p. 344.

arrangements;

- To ensure the recycling of funds for urban housing investment;
- To establish markets for housing, housing finance, housing construction, management, and servicing⁴⁹

In terms of the institutional housing reforms, the government introduced a two-tier system of property rights: one based on the transactions of the use rights for the sale of public housing; and another based on the grant of full property rights for commercial housing built by real estate developers.⁵⁰ The creation of private property rights and their transferability provided great incentives for commercial housing development, leading to a huge commercial housing development boom since the mid 1990s.

In 1994, a new housing reform document called *The Decision of State Council on Deepening the Reform of Urban Housing System* was issued.⁵¹ It consisted of two critical policies as part of an effort to boost the housing reform. The first policy concerned establishing two separate housing provision systems: *the affordable housing provision system* with the character or social security for the middle and low income households; and *the market housing provision system* for the high income households. The second policy concerned generalizing the *Housing Accumulation Fund System*. These policies indicated a changing emphasis in the housing reform policy, from the improvement of the public housing system toward establishing a more unified commercial housing stock, mainly composed of owner-occupied units. This reform policy measure still retained the work unit welfare housing distribution system, with policies to increase the public housing rental fee and to partially privatize the public housing stock.

However, the 1994 reform policy measure was largely unsuccessful. There were oppositions from both the privileged (occupiers of low cost rental units) and underprivileged groups (low-income groups guaranteed public housing). On the other hand, it greatly facilitated the real estate development in many cities with the effect that the majority of commodity housing transactions shifted from the work unit to the private purchase. The proportion of public rental sector gradually decreased during this time.

The boom in the real estate market was fueled by the massive complaints about urban housing problems flooding the political and bureaucratic apparatus on issues such as “overcrowding, inconvenience, long waiting lists, injustice, inequality, dilapidated shelters and inadequate accessory facilities.”⁵² Yet the embryonic state of the urban Chinese consumer market meant a sluggish domestic demand for built spaces, and this was to be stimulated in part by the abolishment of in-kind housing allocation (in 1998) and in large part by the state-

⁴⁹ Ministry of Construction, 1990; World Bank Country Study, 1992.

⁵⁰ Zhang Xing Quan, “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment*, 2002: p. 10.

⁵¹ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. P. 226.

⁵² Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

induced political campaign of encouraging homeownership for the rising middleclass.

In 1998, the Chinese government launched a reform program of disposal of public housing and rental fee reform. The disposal of existing public housing had been the CCP's most central reform issue because it attempted to reduce the significant costs associated with keeping and managing the public housing as well as to secure funds for housing construction via the sale of public housing. The set price of the public housing for sale had been fixed at a very low price because the consumers were cash-strapped and the public rental feel had also been very low to render the sale price of public housing uncompetitive. The SOEs were reported to be more enthusiastic about disposing their welfare obligations, thereby more actively selling the “reform housing” to their workers than other government and quasi-government organizations.⁵³

With respect to the role of the state, the state has confined itself to addressing the imperfections in the market and assisting low-income households and other disadvantaged groups in meeting their housing needs.⁵⁴ The policies designed for tackling low-income housing problems included the Comfortable Housing Programme (*aiju gongcheng*) and the Low-Profit Housing Programme (*weili feng*). Housing has been mainly provided to marginal groups such as the homeless, households experiencing housing hardships, and low-income families. The demand for low-income housing by these groups has been met by the state rather than the private sector, which supplied *government-subsidized social rental housing* (*lianzu fang*) and *government-supported affordable housing* (*jingji shiyong fang*). However, Wang's study has found out the share of government-supported affordable housing has fallen from 25% of the total dwellings built in 1999 to 6.6% in 2010 due to State Council policy changes in 2003 which shifted its emphasis away from the government-supported affordable housing to *ordinary commercial housing*.⁵⁵

Demand for Low Income Housing:

Group	Characteristics
Floating Populations	Non-Hokou migrants from rural or urban areas; mostly poorly educated with limited skills; concentrate in peripheral urban villages
Inner-city Residents	Concentrated in old central city's low-rise hutongs, lilongs and other old housing ready for redevelopment
Apartment Dwellers (Maoist Era)	Concentrated in areas outside the old central areas, in mid-rise low quality apartment blocks built from 1950s to 1970s requiring serious upgrading or demolition
Ant Tribe	Low-income highly educated college graduates, concentrating in urban villages often in ‘edge city’ developments

Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14⁵⁶

⁵³ Li, Si-ming. Yi, Zheng. “The Road to Homeownership Under Market Transition” *Urban Affairs Review* 42.3 (2007): p. 364.

⁵⁴ Zhang, Xing Quan. “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment* 17.1 (2002): p. 13.

⁵⁵ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

⁵⁶ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3

c) Periodization of Housing Reforms

The first “pilot experimental stage” lasted from 1978 to 1991 and was the *second golden age* of the Chinese socialist public housing program. Public housing investment and standard were increased. Decentralization of housing authority in construction, allocation and management as well as commercialization of housing stock were initiated. Concerning physical planning, development and design, balance between standardization and diversification was sought. Market-oriented housing reform was gradually promoted and the share of public rental sector in the urban housing market began to decrease in the late 1980s. This period was underscored by a series of reform experiments in selected cities, namely Bangbu and Yantai. Reform measures included the selling of public housing at nominal prices and the gradual raising of public housing rent to minimum sufficient levels to cover the maintenance costs. Nevertheless, renting public housing continued to be the norm. A major policy change in the early part of this period was the devolution of decision-making to the localities and enterprises. As a consequence, work units were given greater control over the use of their resources, including the allocation of funds for housing construction.⁵⁷ This led to massive increases in housing construction by work units in the period of 1980s and early 1990s along with the dependency on work units for housing provision. The serious housing shortage of the pre-reform era was mitigated and per capita housing consumption in cities and towns increased from 3.6meter square in 1978 to 6.7meter square in 1990 (Editorial Board of China Real Estate Market Yearbook 2000, p. 263).

The second period broadly from 1992 to 1997 was launched with a document issued by the State Council titled, “*On Comprehensive Reform of the Urban Housing System*” in late 1991. This period can be characterized as the initial development of commodity housing markets and real estate industry, with the idea of homeownership with partial property rights being introduced for the first time. This was the last phase of the Chinese socialist public housing system, ranging from the announcement of the transition to a socialist market economy in 1992 to the termination of the public housing system in 1998. The promotion of housing owner occupation gradually gained strength with the corresponding decline of the public rental housing. Work units continued to dominate the housing provision scene along with the private development companies in the real estate market, forming a “double track stage.” There were continued efforts by the state to sell public housing flats to the workers of SOEs and work units at highly subsidized prices and homeownership gradually became the preferred housing tenure. “*The Decision on Deepening the Urban Housing Reform*” promulgated in 1994 further clarified the details of the earlier document in 1991, calling for the establishment of two distinct systems of housing provision: the first was the provision of “economic and suitable housing” for low and middle income families, with price set by local government, taking into account local income levels and development costs; and the second was commodity housing, which were constructed by the newly formed development companies, then purchased by the work units to be subsequently allocated to their workers following the long established customs of seniority and job rank.

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⁵⁷ Li, Si-ming. Yi, Zheng. “The Road to Homeownership Under Market Transition” *Urban Affairs Review* 42.3 (2007): p. 346

The third period of “full marketization” stage was launched in 1998 when the government announced the end to the welfare allocation of housing provision. This meant the ending of provision of rental public housing units to SOEs, work units, and other government and quasi-government organizations (*shiyeh danwei*) as well as the sale of “reform housing” by work units. The ending of welfare housing provision in 1998 with the declaration of the *Notice of the State Council on further Deepening the Reform of the Urban Housing System* has resulted in the disposition of housing stocks *en masse* to workers through the work units. The aim of housing reform was privatizing the housing stock and establishing a functioning housing market. The path of housing reform has not been linear, composed of many zigzag patterns reflecting changes in the prevailing political winds (G. Li 1999). The most significant problem in the housing reform toward the end of the 1990s was that the socialist concept of housing had not been fully transformed along the lines of new socialist market economy despite the increases in the income of urban workers and their standard of living; the housing sector had not fully entered the commodity consumption sector.⁵⁸ But the reform in 1998 shifted the decisive balance toward the maturing private sector and homeownership promotion. Before the millennium, there was already a massive disposal of work unit housing to sitting tenants and subsequent sharp rise in the rate of homeownership in a phenomenon called “catching the last train”. With the formal ending of welfare allocation of housing in 1998, housing finally took on a commodity form, with people recognizing the security, prestige, and value of homeownership as a marketable asset. There have been major efforts to enhance housing finance through the mortgage market and to develop a secondary market of housing transactions. Although in theory the policy of building “economic and suitable housing” for low and middle income households remained in place, in actuality the proportion of “economic and suitable housing” has constituted a small minority of the total stock.

Housing Policy by Period

Major Characteristics of the Three Stages of Housing Reform in China

	Pilot Experimental Phase	Double Track Phase	Full Marketization Phase
Duration	1978-1991	1992-1997	1998 to present
Geographical coverage	Selected cities	Nationwide	Nationwide
Main contents	Reform experiments: selling public housing at cost price; gradual raising of public housing rent	Establishment of two distinct systems of housing provision: economic and suitable housing and commodity housing; sell public housing; establishment of a mandatory housing provident fund	Ending welfare allocation of housing; promoting housing privatization; development of secondary housing market
Main source of	Devolution of decision	Local government,	Market, local

⁵⁸ 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

housing provision	making from central government to the local government and enterprises	enterprises, and market	government
Major documents	Implementation Plan for a Gradual Housing System Reform in Cities and Towns (1988)	On Comprehensive Reform of the Urban Housing System (1991); The Decision on Deepening the Urban Housing Reform (1994)	Circular on further deepening urban housing reform and speeding up housing construction (1998); circular on improving sustained and sound development of real estates market (2003)

Li, Si-ming. Yi, Zheng. "The Road to Homeownership Under Market Transition" *Urban Affairs Review* 42.3 (2007): p. 345.⁵⁹

d) Social and Spatial Consequences of Housing Reform

Background

The “green light” to privatization signaled by the government in 1992 also led to a number of problems such as: investors overestimating the demand for high end of housing market and oversupplying luxury apartments and villas which consequently could not be sold; developers rushing to build hastily without having the necessary requisite documentations; corruptions involving multilayered stakeholders in all directions, more often than not interlinking the official state apparatus and the private sector; and lack of public housing provision for the low income groups as well as serious deficiencies in the quality and quantity of new constructions. In Beijing, there were expressed concerns by workers in poor ministries over the unequal prospects of buying their homes at expensive market prices despite not having been provided state-subsidized homes and having spent years on the waiting list; in contrast, those in richer ministries were offered significant discounts for buying their states-subsidized homes (for example, in Beijing's Dongcheng, Xicheng, Chongwen, Xuanwu, Chaoyang, Haidian, Fengtai, and Shijingshan inner city districts, the homes were sold at a set price of 1,450 Yuan, significantly lower than the market price which ranged from 4,000 Yuan to over 10,000 Yuan) (Cook & Murray, 2001, p. 195).

As a result of the 1994 housing reform policy, the housing standards between the work units and the individuals were enlarged, and ironically, the public housing system which was originally designed as a basic welfare for the urban residents had turned into a form of privilege. Particularly in the last phase of full marketization, Party and government officials benefitted not only from the subsidized sale of the “reform housing”, but also from the payment of cash subsidies from their work units to assist their mortgage payments. The

⁵⁹ Li, Si-ming. Yi, Zheng. "The Road to Homeownership Under Market Transition" *Urban Affairs Review* 42.3 (2007): p. 345

conferment of full property rights to the owners of reform housing has given them windfall profits, as the resale of their units have often generated profits several times that of the original discounted price they paid. Again the party elites and SOE executives were the ones with the most gains in this process.

Due to the gradualist nature of the economic and housing reform, the time it took for the transition to homeownership from rental housing was very long, with almost all studied rental-to-homeownership switches being made in the second (“double-track” stage from 1992 to 1997) and third stage (“full marketization” stage from 1998 onward) of the reform. Understandably, in the first stage, there were some “reverse transitions” from homeownership to rental due to the strengthened role of the work units as a housing provider in the context of early reform period (G. Li 1999).⁶⁰ Cross-tabulations of housing tenure of former residence with current residence conducted in 1996 have shown that in Beijing and Guangzhou, there were more households who have moved from private housing to various kinds of subsidized housing than vice versa.⁶¹

Overall despite the CCP’s intention to keep the size of the public housing sector low, the very low price of housing sale has led to massive drain on the national wealth and inequities in the homeownership process. The discrepancies between the existing tenants and the non-tenants with respect to the privileged access and price to housing sale (bestowed to the existing tenants) are leading to serious structural deficiencies. The fundamental problem with low rental fees is that it makes the home management, repair, and improvements difficult, and due to such low proportion of housing expenses out of a household’s total expenditures, it creates problems of housing misuse and abuse. Perhaps the most significant problem arises from the price differential discrepancy between rental housing and privately-owned housing (rental housing being more economical than owning a private housing), which is leading to the low performance of the new housing market. The reproduction of housing becomes difficult.

A study by Li Si Ming has found out that in housing provision scene, irrespective of the numerous attempts at commodification and privatization, the state still plays a pivotal role. Despite gradual introduction of market mechanisms, established rules that favored seniority of rank and politics of redistributive power in the workplace were continued in reform China. In the housing question, those most likely to experience ownership switch from rental work unit housing to owner occupancy were party cadres, SOE executives, and work unit managers. Age, seniority in the job ladder, and higher educational attainment also enhanced the prospects of switch to homeownership as well as the CCP membership with very strong effects.

Empirical research on housing redistributive system in urban China during the first ten to fifteen years showed the continued influence of the state and the established customs that had been handed down into the reform era. The continuing success of work units and state-initiated collaborative programs such as the Housing Provident Fund and the Housing Cooperatives indicates that people’s thinking and behavior are still consistent with socialist

⁶⁰ Li, Si-ming. Yi, Zheng. “The Road to Homeownership Under Market Transition” *Urban Affairs Review* 42.3 (2007): p. 343

⁶¹ Si-Ming Li, 2003, *Urban Affairs Review*, p. 529

collective ideologies and values.⁶² One of the consequences of the gradual transition was that communism as an ideology and the CCP as a ruling power apparatus have been increasingly separated, with the result being people joining the Party primarily for gaining access to the redistributive networks conferred by their membership. In line with the theory of power conversion and power persistence, the introduction of market mechanisms in transitional economies has *not* reduced the redistributive powers and means of the former communist elites, but actually *enhanced* it – via *guanxi* – informal personal connections, to be translated into various economic advantages of which housing has taken the most central seat.

This experience suggests that housing cannot be simply governed by monetary transactions or bureaucratic initiatives alone; but rather by non-monetary factors such as politics, ideologies, and values. Naturally, the Chinese housing market is thought to be inherently complex, with market elements intermingling with elements of the traditional redistributive economy (G. Li 1999).⁶³ Interwoven institutional and market forces influenced individuals' housing behavior and resulted in a complex housing provision and tenure composition (with “reform housing”, “economic and suitable housing”, “commercial housing”, “self-built housing” and etc) as well as consumption patterns, complicating the move from rental to owner occupancy under the evolutionary-transitional policy environment. Such trial-and-error approach has been the hallmark of new initiatives implemented in the reform institutions of the Chinese economy (Kissinger, 2011). State, market and society have shown their respective strengths in serving different aspects of the housing sector. The degree of variations in accommodating different interests and needs in housing governance will depend on the varieties of priorities, objectives, and strategies amongst different cities and regions.

3. Housing Governance and Institutional Change: the Work Unit and State Owned Enterprise Reforms

a) Changing Role of the Work Units: before and after 1978

The city under Mao (1949~1976) was organized primarily through the principles and workings of the work unit. Prior to Deng Xiaoping's economic reforms, the work unit acted as “the first step of a multi-tiered hierarchy linking each individual with the CCP (Chinese Communist Party) infrastructure. It was a socialist enterprise or institute that functioned as both workplace (economic unit of production) and social institution (social condenser): it integrated work, housing, and a variety of social facilities such as nurseries, schools, post

⁶² Zhang, Xing Quan. “Governing Housing in China: State, Market and Work Units”, *Journal of Housing and the Built Environment* 17.1 (2002): p. 18

⁶³ Li, Si-ming. Yi, Zheng. “The Road to Homeownership Under Market Transition” *Urban Affairs Review* 42.3 (2007): p. 343

offices, canteens, clinics, and shops in close proximity within its walled compounds.⁶⁴. It referred to all the state agencies, enterprises and non-government institutions in the city. Work units were the principal method of implementing party policy as well as provider of wages (monetary) and benefits (non-monetary). They composed the basic unit of social life to which the workers were bound for their entire life: each urban resident was affiliated with a work unit as a credential of association to a larger collective. The state's regulations and policies on housing were largely implemented through the vast network of work units; in this way, the state relates itself to the society through the work unit.

The integral spatial form of the work unit was the unique outcome generated by the conflicts between the needs of capital accumulation and the necessity of labor reproduction within a peculiar Socialist/Third World context. The work-unit-based urbanism was an alternative to both the capitalist and soviet urbanism.⁶⁵ Work units varied greatly in size, wealth and prestige nationwide, but the overriding *raison d'être* being the "Iron Rice Bowl" of housing, health, and pension remained the same. Statistics for all urban housing completed between 1976 and 1983 showed sizeable differences in size of housing unit allocated by work units of different administrative ranks;⁶⁶ there was a hierarchical arrangement of work units with respect to their capacity to construct their own housing as well as the different degrees of access to housing and of quality of housing. While playing the role of a developer, allocator, and manager, they were the actual landlord of their dwellings and properties in the absence of private property.

The allocation of public housing via the work unit was based on a ranking system in which an applicant's rank, based on consideration of his/her political-administrative status, seniority at work, age, marital status, family size, and party member, etc, determined the housing standard (measured by living floor area of a housing unit) and the position in the waiting list. A person's access to urban housing depended: first and foremost on whether or not his or her work unit had been allocated housing units in the first place and had the necessary funds for the housing construction or purchase; and secondly on the applicant's political activism and status. Work seniority and age constituted subsidiary criteria and couples were eligible for their new housing only on the condition that their combined age exceeded fifty (Dwyer, 1986).⁶⁷ As a consequence, some newlywed young couples had to share their parents' flats. In Beijing, there were more and better housing investments available to the central state's enterprises, institutions, agencies and work units compared to those owned by the municipal government.

The economic reforms since 1978 have gradually weakened the role of the work unit as the fundamental socio-spatial unit of the Chinese city, but deeply-embedded in social

⁶⁴ Lu, Duanfang. *Remaking Chinese Urban Form: Modernity, Scarcity and Space, 1949-2005*. New York: Routledge, 2006. p. 2.

⁶⁵ Lu, Duanfang. *Remaking Chinese Urban Form: Modernity, Scarcity and Space, 1949-2005*. New York: Routledge, 2006. p. 2.

⁶⁶ Sit, Victor F. S. "A Window on Beijing: the social geography of urban housing in a period of transition, 1985-1990", *Third World Planning Review* 22.3 (2000): p. 257

⁶⁷ Sit, Victor F. S. "A Window on Beijing: the social geography of urban housing in a period of transition, 1985-1990", *Third World Planning Review* 22.3 (2000): p. 245

expectations and practices, its many features are reproduced in new urban developments.⁶⁸ Deng Xiaoping's dislike and distrust of public bureaucracy led to various attempts at housing reform in an effort to reduce the powers and reaches of the state; since the reform, much of the state's power has been decentralized to the work unit level and work units were allowed to retain their substantial financial resources.⁶⁹ As the work units were given greater financial and administrative autonomy on the public housing development and allocation following the Economic Reform of 1978, there had been a wider polarization of power and resource capacity between the different work units, leading to a polarization of housing quality and quantity between the wealthy and powerful work units and the poor and underserviced work units.

Work units located in the inner-city districts converted part or all of their land to commercial or other uses as their land values increased dramatically. Common practices included building stores and office buildings, residential development, commercial development etc. The economic performance of individual work unit in terms of profitability greatly influences its capacity in housing and other social provisions. From a purely market economic point of view, the involvement of work units as mediators in housing has distorted the relation between suppliers and consumers as well as drive developers to built high-standard housing.⁷⁰

In the context of housing reforms, work unit still plays an ongoing role in housing development and management: although the key objective of housing reform is to encourage homeownership for the urbanites, the low cash salary the unit members receive is simply not enough for them to purchase a home; under such circumstances, the work unit continued to provide subsidized housing for those who cannot afford to pay for 'commodity housing' at market prices. Work units buy housing on the market at market values and then sell it to their employees at discount prices which generates great incentives for the employees to buy commercial housing from their work units. Work units then pay for the price gap that exists between the market values and the discount prices which represents an additional gain for the employees at the expense of the work units. Different from the past, existing or new housing units of the work unit are sold to members at lower prices than the market prices.

With introduction of new policies putting restrictions on work units to prevent over-involvement in housing in 1998, work unit has shifted its role in housing: it has developed a collaborative form of cooperation (either with their employees or with other organizations in housing services for the sake of their employees), of which the most common form has been the coproduction of housing by work units and employees for addressing (particularly those of the lower-income) employees' housing needs.⁷¹

⁶⁸ Lu, Duanfang. *Remaking Chinese Urban Form: Modernity, Scarcity and Space, 1949-2005*. New York: Routledge, 2006. p. 2.

⁶⁹ Zhang, Xing Quan. "Governing Housing in China: State, Market and Work Units", *Journal of Housing and the Built Environment* 17.1 (2002): p. 16

⁷⁰ Zhang, Xing Quan. "Governing Housing in China: State, Market and Work Units", *Journal of Housing and the Built Environment* 17.1 (2002): p. 11

⁷¹ Zhang, Xing Quan. "Governing Housing in China: State, Market and Work Units", *Journal of Housing and the Built Environment* 17.1 (2002): p. 16

There has been a growth of residents' participation and collaboration in the management of housing estates along with the development of housing cooperatives. Residents are empowered to join the housing management committee and participate in all management affairs relating to their estates and adjoining housing districts (Wang, 1995).⁷² Work units provide collaborative support, particularly in terms of financing the management activities.

Work units serve as a structure of governance in enabling and arranging housing cooperatives. Housing cooperatives have played a very important role in shaping the housing sector in China by providing the following advantages.⁷³

- 1) Housing cooperatives can exercise internal control to prevent speculation and profiteering.
- 2) Housing cooperatives can promote democratic management and control of housing estates through continuous mobilization of their members and the running of community facilities. Tasks and functions related to the management of housing cooperatives are assumed by all members and their representatives.
- 3) Housing cooperative members can receive the benefits of greatly subsidized units of housing made affordable by the combined support of the state and work units in providing various technical and policy-induced support – i.e. organization, tax exemption, low-interest loans and assistance in the provision of land and building materials.

The work unit has served as a locus of mediating forces in housing governance structure between the state, market, and society. It has improved the efficiency and effectiveness of housing governance. Although the traditional work unit compound and the close connection between workplace and residence have disintegrated, the importance of state work units has continued, increased, and its role changed in the context of housing provision and urban spatial restructuring. Its role as a housing provider has gradually been phased out while its role as a collaborator, arranger, and mediator has gained strength. Expanding the role of the work unit and citizens in the policy-making process of housing provision would help strengthen the legitimacy of the government while empowering them as stakeholders would improve their capacity of self-regulation and self-steering. The state work units, in a period characterized by increasing uncertainties in association with the devolution of financial decision-making, must expand their kind-kind benefits and provide more and better housing to the workers to ensure their continual support.⁷⁴

⁷² Zhang, Xing Quan. "Governing Housing in China: State, Market and Work Units", *Journal of Housing and the Built Environment* 17.1 (2002): p. 17

⁷³ Zhang, Xing Quan. "Governing Housing in China: State, Market and Work Units", *Journal of Housing and the Built Environment* 17.1 (2002): 7-20

⁷⁴ Li, Si-Ming, "Housing Tenure and Residential Mobility in Urban China – A Study of Commodity Housing Development in Beijing and Guangzhou" *Urban Affairs Review*, 2003: p. 529

b) Changing Role of the SOEs in the Housing Market: before and after 1978

The centralized control of the SOEs under the planned economy and communist bureaucracy left SOEs a whole host of inefficiency problems related to overstaffing, human resource management, lack of incentives and etc. As a basic unit of socialist production and distribution, SOEs provided its employees with basic personal and collective consumption items which included housing. Housing was considered an in-kind welfare item and SOEs acted as an instrument of the state in engaging in every aspect of housing production and allocation. SOEs were endowed with welfare responsibilities, such as housing, education, and healthcare to their employees, which were great burdens on them.

The economic reform of 1978 led to the introduction of sale and transfer of land-use rights, which helped rationalize land management practice through the land market. The SOEs were targeted for reform under the economic revitalization scheme for their importance to the Chinese economy with the proposal for resolution of SOE reform at the *Third Plenum of the Eight Central Committee* in 1979. The timing of SOE reforms coincided with the land reforms. As an integral part of the overall economic reform projects, SOEs were given greater autonomy to manage their core businesses and to diversify them into complimentary economic activities. The SOEs have continued to remain key instruments of the state within a dynamically changing reform environment with a change in its governance structure to absorb modern management practices. SOE managers were given the incentives to seek financial gains beyond the quotas in the government contracts. They were given the autonomy to formulate their own production plans and marketing strategies as the production quotas and price fixing were no longer restricted. The government also granted them the power to determine the wage of the employees and to dismiss surplus labor. Part of the laid-off workers was absorbed by the private sector as part of the rapidly growing urban economy. This relieved pressure off the reformed SOES on welfare provision to their workers as well as allowing market more labor flexibility.

Between 1978 and 1988, SOEs performed the role of constructor, distributor and property manager. They played the role of raising funds, acquiring land, constructing housing and allocating housing. In raising funds, The Manager Responsibility System allowed SOEs to keep certain amount of its profits. Owner-raised funds from retained earnings and other channels were the main source of financing housing production.⁷⁵ In acquiring land, the SOEs applied for the land acquirement via administrative channels by submitting development proposals to the supervisory authority. In terms of housing construction, SOEs can either build homes by themselves by employing construction workers or contract professional construction companies for the entire project. In allocating housing, non-monetary factors such as the educational attainment level, party membership, job seniority, current residence status and marital status were taken into account to evaluate and determine the tenure of public housing. Due to the wide disparity in the economic performance of the SOEs, there were considerable variations in the quality of the delivered housing units. The

⁷⁵ Zhang & Rasiah, "Institutional Change and State Owned Enterprises in China's Urban Housing Market", *Habitat International*, 2013

institutional coordination of SOEs during this time was rather poor in delivering decent housings to the majority, as many low-income urban households had to live in poor living conditions. Urban employees lived in tube-shaped apartments (*tongzi lou*), which was of low quality and characterized by shared corridors with rooms located side by side. Each family was allocated one unit and they shared the bathroom and the kitchen.

Between 1988 and 1998, SOEs played a transformative role in the housing market. The enactment of “Implementation Plan for a Gradual Housing System Reform in Cities and Towns” in 1988 (The State Council of China, 1988) had the objective of establishing a housing market. As a result, large numbers of SOE employees were able to purchase their homes with either partial or full property rights depending on the level of subsidy and the contractual constraints imposed upon them. The houses were allowed to be sold in the market 5 years after the initial date of purchase. Gradually, the function of SOEs for buying homes was replaced by selling homes. The sale of publicly owned housing was initiated to reduce the welfare burden on SOEs which could not recoup the building and maintenance costs of public housing due to the low nominal rents, and to mitigate the plight of those disadvantaged urban dwellers. The sale of housing stock was highly favored by the SOEs because half of their nonproductive fixed assets kept in the housing stocks could then be realized into enhanced profitability. The government launched a program of raising public housing rent and selling public housing to the sitting tenants in 1988 by delegating these responsibilities to the local government. Most of the housing units were sold by work units at around half the price of commercial housing in the market.⁷⁶ and SOEs organized, executed and promoted this grand national campaign of homeownership change by translating the state central policy into reality. The role of the SOEs as an instrument of the state in exercising and executing state orders remained as a principle form of governance in the housing reform process.

Public land leasing has been legalized since 1990 with the effect that urban land was acquired by developers for a fixed period of time with rent payment to the state. The pricing of rent was determined by the location, type, and density of the proposed development. Users were allowed to transfer, rent, and mortgage their land-use rights which enabled the trading of land under state ownership via the separation of landownership and user rights. There was a massive rise in land price from 1991 to 1992 (twenty-three fold increase from 110 yuan per square meter to 2400 yuan per square meter) (China Statistical Yearbook), creating a bubble from which most SOEs made fortunes by leasing out land-use rights from their reserves. Part of the revenue earned from the land-use-rights lease was directed toward SOE employees compensation due to their low salaries and the remaining balance was used as an initial capital to launch real estate projects and expand their production. The central government has not fully withdrawn its welfare provision responsibilities with respect to the activities of the SOEs. In the early 1990s, the central state launched various affordable housing schemes such as the Cheap Rent Housing (CRH) scheme and Economically Convenient Housing (ECH) scheme to oblige SOEs to produce and provide affordable housing for the lower and middle income households. As “carrots”, those SOEs that responded to these welfare directives were rewarded with opportunities to acquire prime sites for future commercial developments while as “sticks” those that failed to the directives were given penalties such as halting the supply of commercial land and suspending the transaction of land-use rights. The new institutional

⁷⁶ Zhang & Rasiah, “Institutional Change and State Owned Enterprises in China’s Urban Housing Market”, *Habitat International*, 2013

framework allowed the SOEs to meet simultaneously their social obligations as well as commercial gains.

In 1993, the traditional SOEs were transformed into “modern enterprises with clarified responsibilities and scientific management”.⁷⁷ The state retained the large SOEs while releasing the small ones through integration, consolidation, privatization, sale and closure. The remaining large SOEs transformed themselves into joint venture companies with foreign companies or listed themselves on the international stock market exchange under the new economy positioned along the continuum of a liberal market economy and central planned economy. This corporatization move led to the phenomenal expansion of the large SOEs, with the diversification and specialization of their businesses in both core and complimentary areas related to the production, purchase, and sale of housing. It led to the development of new lines of profitable businesses, especially in the real estate industry. The reforms transformed the conduct of SOEs in the housing sector from housing allocator under the centrally planned economy to investor in the liberal market economy.

From 1998 onward, there has been a total abolishment of the in-kind distribution of housing and the establishment of a fully functioning real estate market. The share of SOEs and holding enterprise investment in the real estate market exceeded over 50% of the total by January 2004.⁷⁸ The huge profits generated in the property markets induced increasing numbers of SOEs to participate in the real estate industry and the speculative aspect as well as the substantial profits made created a lot of controversies and criticisms upon the SOEs; the SOEs’ speculative involvement in the real estate industry has been criticized as one of the principal causes of the soaring real estate prices which threatened the social and economic livelihood of ordinary people wishing for homeownership. In addition, the provision of preferential access to land-use rights and credit to SOEs had disadvantaged the small and medium size private developers, while the attainment of high profit levels by the SOEs has consequently reduced the capacity of the state to provide comprehensive social safety nets for the disadvantaged. All these marketization changes occurred through the “socially unhealthy (and) collusive alliances” of *guanxi* between the top management of the SOEs and the local officials, to the detriment of smaller enterprises. To regulate the speculative and corrupt elements in the conduct of the SOEs in the housing market, government introduced a series of macroeconomic controls, forcing those SOEs with no core business in real estate to exit the real estate market and to focus instead on upgrading the industrial sector.

Zhang and Rasiah’s research argues that the institutional change enabled the SOEs to pursue the twin objectives of raising profits through the adoption of modern management practices on one hand, and maintaining social responsibility of providing affordable housing to their workers on the other hand. It is noted that SOEs still perform the role of social welfares for urban dwellers in China as of year 2013 by providing affordable housing to the disadvantaged as certain shares of its urban commercial housing stock reserved for welfare functions. More importantly, the state has managed to remain autonomous from the market forces to balance

⁷⁷ Zhang & Rasiah, “Institutional Change and State Owned Enterprises in China’s Urban Housing Market”, *Habitat International*, 2013

⁷⁸ Zhang & Rasiah, “Institutional Change and State Owned Enterprises in China’s Urban Housing Market”, *Habitat International*, 2013

the overall public and private interests and needs in the housing market.

4. The Fate and Future of Socialist Public Housing in Beijing in the Reform Era

a) Transformation of Residential Landscape in Beijing

Planners have initiated three types of housing change in Beijing in 1979: the redevelopment of older districts; the establishment of new districts; and privatization of housing stock. Since then, Beijing has experienced a major housing construction boom. More than fifteen million square meters of housing were built between 1979 and 1982 alone (Duan 1989, p. 584),⁷⁹ taking place mostly on the former agricultural land beyond the Third Ring Road, involving massive relocation of people from the city center. (Comprehensive) redevelopment has largely bypassed Beijing's inner areas until 1986 since the economic reform, whereas in the extensive near-suburbs (formerly agricultural areas), new residential districts of five to six storey types have proliferated. Toward the mid 1980s, about one-third of Beijing's housing construction has been super-high-rise (between 12 to 18 stories buildings) (D.J. Dwyer, 1986 – Urban Housing and Planning in China).

The adoption of land leasing system has sparked a number of redevelopment projects in the inner city areas, particularly in the strategically located work unit compounds (Li and Siu 2001; Wu 1997).⁸⁰ Non-subsidized housing or commercial developments tend to concentrate in the central areas because they can withstand the high land prices of central prime locations. The displaced residents are then accommodated in the new development projects in suburban areas, with the help of work units or municipal housing bureau that purchase housing units in these areas in order to assist the general public that has low purchasing power.

Since the mid 1980s, Beijing has embarked on several redevelopment projects in the central urban districts to replace the low-quality housing with low-rise, community-oriented, and architecturally varied projects. Some were showcase archetypes that blend Chinese and Western architectural styles while the rest were utilitarian and boxlike constructions. Among the showcase projects, three sites were chosen inside the former walled city area, namely Xiaohoucang, Juer Hutong, and Hubeikou. Each project contained low-to-medium structures set in courtyards and the surrounding landscaped areas. In contrast with the geometrically repetitive work unit housing in the pre-reform era, the facades were varied with different size windows, balconies and overhangs, and each apartment had its own kitchen and toilet.⁸¹

⁷⁹ Gaubatz, Piper. "Changing Beijing" *Geographical Review* 85.1 (1995): p. 87

⁸⁰ Li, Si-Ming, "Housing Tenure and Residential Mobility in Urban China – A Study of Commodity Housing Development in Beijing and Guangzhou" *Urban Affairs Review*, 2003: p. 530

⁸¹ Gaubatz, Piper. "Changing Beijing" *Geographical Review* 85.1 (1995): p. 87

These projects all relied on the preexistent social and service infrastructures such as schools and healthcare facilities. They were usually occupied by either long time residents or new residents whose employer had purchased the apartment in the project.

These large-scale construction booms were facilitated by the declining importance of locating residence and workplace in close proximity to one another (a direct remnant of socialist neighborhood planning concept). This fundamental change in planning philosophy has been exemplified in various high-rise development projects, well illustrated in the new town of Fangzhuang which contains 148 hectares for 76,000 residents southeast of the old walled city. Since then it has largely served as a vast residential area in the southern part of Beijing, located in northern Fengtai District and bounded to the north and south by the 2nd and 3rd Ring Roads and to the west and east by Tiantan Dong Lu and Fangzhuang Dong Lu.⁸² The area was developed in 1985, and was to become the first "modernized" residential area in Beijing. It features dense concentrations of high rise apartments, with former residents rehoused in one of the ninety new apartment towers.⁸³ along with several primary and secondary schools, hospitals, a courthouse, playgrounds, retail shops, a community center and the Fangzhuang Sports Park. Usually each of these new high-rise structures houses workers from many different employers who tend to purchase apartments by floors, so that employees can live adjacent to one another. As they do not combine residence and workplace in close proximity to each other, well developed public transportation system has been developed serving the area. These new towns have been analogous to the housing projects in the new territories of Hong Kong. Large and influential work units, such as Ministry of Foreign Affairs, Public Security Bureau, and Ministry of Sanitation have purchased large numbers of these apartments, which elevated the status and value of the area high. Moreover, they have been reported for their high level of social organizations active in the neighborhood, with different resident committees managing various aspects of local community life, ranging from garbage collections to family planning, healthcare, and daycare. These social aspects are considered as embodying the continuance of socialist ideals.

⁸² (<http://en.wikipedia.org/wiki/Fangzhuang>).

⁸³ Gaubatz, Piper. "Changing Beijing" *Geographical Review* 85.1 (1995): p. 88



(Tower apartments in Fangzhuang:
source – Gaubatz, Piper. “Changing Beijing” *Geographical Review* 85.1 (1995)

Beijing housing scene as of mid 1990s is characterized by various blends of market-driven developments with socialist and traditional Chinese urban morphology. The emerging form was “as distinctive as the pre-1949 or the socialist city”.⁸⁴ Government continued to own and control nearly all land-uses in the city, with imposing limits on the forms and locations of foreign property ownership and investments. A national mandate announced in January of 1994 placed top priority on privatization of the state-owned housing stock. The Chinese state now encouraged the construction of privately-developed-and-sold commodity housing. Paralleling this governance change of government, the emerging market economy has become the decisive factor in the financing of housing renewal as well as in the decision over the priority of individual projects and their locations.

By the mid 1990s, the commoditization of housing referred primarily to the process by which employers are purchasing housing in new projects and renting it to the employees at discounted subsidized price.⁸⁵ Provision of housing continued to be tied to employment (the legacy of socialist urban planning principle) although the spatial linkages between workplace and residence had gradually started to wane. Housing was still considered as a “perquisite” of employment, with an increasing pattern worthy of our interest being practiced commonly: for

⁸⁴ Gaubatz, Piper. “Changing Beijing” *Geographical Review* 85.1 (1995): p. 95

⁸⁵ Gaubatz, Piper. “Changing Beijing” *Geographical Review* 85.1 (1995): p. 89

an increasing number of married couples, one spouse would hold a position in a state enterprise, with all the entitlement of benefits in housing, healthcare, among other things, while the other spouse would take a higher-paying job in the private sector without the welfare benefits.

Companies that produced new commodity housing by the mid 1990s were mostly enterprises formed by the city's district governments, and in some cases, they were an amalgamation of previously separate work units: the district government supplied land and permit while the other partners supplied labor and capital. Some foreign companies have also joined in the process by providing low and middle income housing (Cao 1994).⁸⁶ Since the emergence of shadow land values, the development companies preferred to compensate existing residents and resettle them in suburban areas rather than to rehouse them at subsidized prices in their original inner city neighborhoods which would reduce the area available to sell as high priced housing.⁸⁷

Market has thus become a strong force in the relocation of the Old City residents in the center of Beijing in numbers *beyond* what was required by the master plan; those numbers were dictated not only by the general loss of residential land in the city center, but also by developers' need to bring higher-paying residents in to buy new commodity housing. The end result has been the city center's poorest residents being relocated further and further from the city center with little choice over the location of their new housing; their relocation has been propelled by the general gentrification and upscale development trends of the historical city center which became the exclusive reserve of the most privileged. Such dislocations also increased the commuter traffic, placing extra burden of commuting on the financially most vulnerable groups. But perhaps most importantly, the relocation of too many people occupying a particular social stratum has significantly altered the social and cultural geography of the city, with the abruptness of the change creating various fissures of radical discontinuities in the lives of Beijing.

Although the socialist public housing system was officially terminated in 1998, with most of the public rental apartments being privatized soon afterward, a large amount of former public housing areas still accommodate the majority of urban residents today at roughly 60% of the urban Beijing population, ranging from low to mid-high income groups. These areas are often located in prime urban areas with decent local amenities and infrastructures. The ambiguity of homeownership types such as the owner-occupied, public-rented, and private-rented, has induced speculations. They are still identified by a mix of different housing types and social groups. Along with the enhancement in housing standards and diversification of living environments, the further commercialization of public housing development led to higher housing density.

Overall, the urban structural and social changes observed in the residential landscape of postsocialist Beijing after 20 years of the Economic Reform can be generalized as:

⁸⁶ Gaubatz, Piper. "Changing Beijing" *Geographical Review* 85.1 (1995): p. 89

⁸⁷ Lu, Junhua. "Beijing's old and dilapidated housing renewal" *Cities* 14.2 (1997): p. 68

- Gentrification and upscale development of the inner city and historical quarters after about 5 years since the launching of the Economic Reform, with the redevelopment of old and dilapidated public housing and the resulting displacement of the original residents who have been relocated in the urban periphery and suburbs;
- Extensive construction boom in the urban periphery and suburbs especially in the early stages of the reform for residential uses;
- Verticalization of housing construction with a tendency of increasing building heights such as super-high-rise buildings along with the passage of time; and corresponding pressures on urban infrastructures and services along with environmental damages;
- Urbanization of migrant population from the rural countryside and the resulting formation of migrant enclaves in the form of self-built housing in the rural and urban fringe areas as well as in the central city areas in back lots and courtyards; and their displacement, return, and resettlement-reterritorialization after the slum clearance efforts by the municipal authority;
- Demise of the work unit with the progression of economic reform and marketization; and the evolution of the microdistrict as a dominant unit of basic urban governance by incorporating the logic of commercialization, privatization, and functional change of space use (i.e. subdivision, commodification, gentrification, and gating) as well as by fostering new forms of territorialized resident and grassroots organizations;
- Breakdown of workplace-residence proximity following the decline of work unit and its functional role in the production, distribution and management of public housing, along with the larger structural changes in the urban economy
- Diversification and particularization of housing needs and interests, and their spatial manifestation in the heterogeneity and hybridity of building designs, lifestyles, and ethos; various blends of market-driven developments with previous historical and socialist urban fabric; rising influence of globalization on the spatial practices of individuals and communities;
- Continuance of reliance on the socialist public housing stock by the lower and middle income groups despite the privatization, marketization and commodification of housing stock; the gradualist withdrawal of the state in the provision of public housing and the continuing utilization and exploitation of the institutional weaknesses and blind spots in the welfare housing services;

b) Rapid Urbanization and the Floating Population: Increasing Pressure on Housing

Background

The great wave of industrialization and urbanization has transformed the national landscape of 21st century China in revolutionary scales. Mega cities such as Beijing, Shanghai, Shenzhen, Guangzhou and Chongqing have exhibited phenomenal growth rates. With the wholesale creative destruction and reconstruction of the urban environment in China, the lively rhythm and vibrancy of the street life vitality with mixed private and public spaces interwoven by elements of the traditional and modern are disappearing. While large-scale redevelopment is “modernizing the accidental spaces” of old urban areas, “new informalities”

have been created in the suburbs, where urban villages have been erected overnight by encroaching onto the rural villages.⁸⁸ Rural migrants who come to the city in search of work become urban underclass, forming pockets and niches of migrant enclaves in the city. The urban population has been undercounted due to the phenomena of peri-urbanization (urbanization of rural areas typically occurring contiguous to the borders of metropolises as part of an Extended Metropolitan Region (EMR)) and the presence of undocumented ‘floating populations’ in the city.⁸⁹

Socio-spatial polarization is evident in many transitional Chinese cities with great contrasts between the high-end “gated communities” and the low-income “urban villages”. The gated communities cater to the growing upper-middle and middle classes driven by the developers. The urban villages are often created spontaneously by rural migrants seeking rented accommodations, and also by local authority seeking economic gains in the local development process often through illegal means.

Demand for low-income housing is in part due to the continuation of Maoist *hukou* registration system which acts as a barrier to full participation in the housing market. During the socialist-Maoist China, internal rural-to-urban migration was institutionally eliminated by the state through the household registration system (*hukou*), which divided the entire Chinese population into two groups – the urban *hukou* holders and the rural *hukou* holders. Rural subjects were denied access to the cities as well as to the various urban infrastructural and welfare services, such as state-subsidized foodstuffs, housing, employment, education, healthcare, etc. This situation dramatically changed with the economic reform of 1978, which removed the *hukou* barrier to urban migrations. This led to the rise of a mass labor migration unprecedented in the history of China; the movement of those ‘floating populations’ that consist of people with diverse socioeconomic and regional backgrounds but with the singular same goal – get rich by moving to the cities.

Floating Population & Migrant Enclave in Beijing

In Beijing alone, there were more than one million of the migrant workers in 1989, with more than four million by 2004 city.⁹⁰ In 1994, their numbers were at 3.29 million, competing with 12 million official permanent Beijing residents for limited urban resources and services (Beijing Municipal Planning Committee Research Team, 1995). These people still do not have full rights of urban citizenship and engage in the 3D jobs that are difficult, dangerous, and dirty, such as those in the construction industry, petty-menial labor, taxi driving, and low-wage services. Despite the fact that the rural migrants provide cheap labor and services to the city economy which are actually an integral part of the urban dynamics and therefore in high

⁸⁸ Wu, Fulong. Xu, Jiang. Yeh, Anthony Gar-on. *Urban Development in Post-Reform China: State, Market and Space*. New York: Routledge, 2007. P. 17

⁸⁹ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

⁹⁰ Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

demand, the floating population is regarded by the city officials and many urbanites as a drain on already scant urban public resources and frequently blamed for various social anomalies, mishaps, crimes and instability. Appearing to be “out of place” and “out of control”, this extraordinarily large mobile and nomadic population challenges the existing modes of state control and surveillance that attempt to govern a stable and docile population fixed in space; “they are too far away from their places of origin to be reached by rural authorities but at the same time are not integrated into the urban control system”.⁹¹

Their unstable and ambivalent status in the city is caused by the unwillingness of local urban officials to recognize them as members of the local community, which excludes them from the reach of urban regulation, local jurisdiction and service provision. Consequently, this lack of official supervision and oversight has created opportunities for the migrants to form their own social and economic niches in the cities in the form of migrant villages or enclaves. Although they are not entitled to the same legal rights and social benefits as those permanent urban residents (while being subject to various forms of discrimination, exclusion, and periodical expulsion), they are now entitled to work in the cities on a temporary basis and are able to sustain themselves through the emerging second economy and polity. Migrant leaders gain local control through the web of intricate yet powerful patronage and clientelist networks.

The massive rural-to-urban migrations as part of the urbanization process have put high demands for affordable housing. These huge reservoirs of migrant ‘floating populations’ had to be housed via alternative means. These floating populations tended to live in overcrowded migrant “villages” with people from their home city, district, or province. These migrant enclaves have thrived in various Chinese cities by developing into unofficial communities lying outside of the formal realm and reach of the state and city planning. Logan and others noted that although self-built housing commonly appeared in the rural and urban fringe areas, within the city it was also seldom built in back lots and courtyards, usually of low quality and lacking heating and sanitation. Hence the “higher” quality public housing was preferred.⁹²

There has been formation of various migrant enclaves in Beijing, one of which was Zhejiangcun, the largest and most well-established migrant settlement in Beijing about five kilometers from Tiananmen Square. The majority of these migrants in Zhejiangcun ran their own businesses, in the form of small family-based garment production and sales. Their households served as both temporary living quarters and sites of economic productions. From the early 1990s, the Wenzhou migrants in Zhejiangcun began building walled residential compounds in an effort to explore new ways of recreating their dwelling spaces. Between 1992 and 1995, more than 40 privately owned housing compounds were constructed by wealthy migrant developers, with the largest compound holding more than 700 households. These compounds were usually called *dayuan*, meaning “big yard”, or “big courtyard” or “big compound”.⁹³

⁹¹ Zhang, Li. “Migration and Privatization of Space and Power in Late Socialist China”, *American Ethnologist* 28.1 (2001): p. 182

⁹² Cook, Ian G. Gu, Chaolin. Halsall Jamie. “China’s Low Income Urban Housing” *Asian Social Science* 9.3 (2013): 7-14

⁹³ Zhang, Li. “Migration and Privatization of Space and Power in Late Socialist China”, *American Ethnologist* 28.1 (2001): p. 184

Slum Clearance and Redevelopment – Case Study of Zhejiangcun, Beijing

Modern housing developments in China, following the western example and history, take place through a standardized and regulated real estate sector, which inevitably causes large scale demolitions of former unstandardized, self-built, and informal settlements. According to Zhang and Jiang (2011), these actions of slum clearance and relocation raise three key issues in the process:⁹⁴ first of all, local governments rather than the private sector are obligated to pay compensation to the old residents; secondly, residents in relocation either have to find a new job near home or commute longer distances daily at higher costs; and thirdly, most slum clearances do not consider the damage done to the social connections of residents who often lose their social ties with the old community. Zhang and others noted two basic policy strategies toward slums, shantytowns and squatter settlements in the context of self-help: 1) legalizing and upgrading informal communities; and 2) seeking new sites to relocate residents and create new settlements.⁹⁵

In the case of Zhejiangcun, the move to clearance of the area came in November and December of 1995, when the central state and Beijing municipal government decided to clean up the area by removing the Wenzhou migrants' housing compounds as well as illegally constructed buildings by the local farmers to accommodate the migrants. Although the official rhetoric and justification for slum clearance laid in serving the utilitarian interests of the larger public and the city, the underlying motif has been to eliminate a "spatialized form of social power outside official control" materialized in a "community with its own territorial ground," with the "potential to become a separate regime of power".⁹⁶ Such official concerns about the potential threat of these illegal settlements to the status quo of the government arise due to Beijing's symbolic capital as an economic engine of modern China, an international metropolis of finance and tourism, and a locus of centralized bureaucratic polity. Thus the surveillance, control, and scrutiny of the state are much more intense and strict in Beijing than anywhere else in the country.

It is interesting to note the way the upper and lower level officials approached the whole issue. Throughout the campaign, the upper and lower level officials were noted for having very different views about the demolition campaign, which centered on balancing the relative merits of political control versus economic gain. The upper-level officials with no direct ties to the Wenzhou migrants for economic gains emphasized political stability and state control over economic gains; on the other hand, the lower-level officials (and especially the village cadres) with direct stakes in the various market and second economy activities of the migrants regarded economic growth and prosperity as the true source of political stability. These conflicting views toward the migrant enclave problem demonstrated the existence of political cleavages and potential conflict of interests within the single CCP apparatus.

⁹⁴ Cook, Ian G. Gu, Chaolin. Halsall Jamie. "China's Low Income Urban Housing" *Asian Social Science* 9.3 (2013): 7-14

⁹⁵ Cook, Ian G. Gu, Chaolin. Halsall Jamie. "China's Low Income Urban Housing" *Asian Social Science* 9.3 (2013): 7-14

⁹⁶ Zhang, Li. "Migration and Privatization of Space and Power in Late Socialist China", *American Ethnologist* 28.1 (2001): p. 192

When the demolition was about to unfold, there were unorganized and semiorganized popular resistances amongst the migrants, local farmers, and workers who all invested in the housing construction and thus had a direct stake in this event. Migrants in the big housing compounds suffered the most from the demolition campaign and also showed the strongest resistance. However, the power and pressure of the state to demolish the area and transform it from a “slum” to a “higher-value property” proved too strong and by the early December of 1995, in less than two weeks since the campaign started, the majority of illegal housing additions were demolished. 40,000 migrants lost their homes and were evicted out of the settlement.⁹⁷ During this process, various forms of persuasions (the benefits of wholesale redevelopment and modernization as an inevitable step toward progress and setting a good example to the community), pressures and punishments (the threat of heavy fine, criminal proceeding and imprisonment) were used to force the will of the state upon the migrant population.

What is remarkable is what happened in the periods following the demolition. Three months after the “political hurricane” had dwindled, the majority of the displaced migrants began to return to the area to rebuild their community and businesses. Returning migrants sought various channels to meet their housing needs, including: rentals in adjacent neighborhoods or high-rise residential buildings (with higher rents); apartment buildings disguised as a legitimate business by borrowing the title of a municipal government agency; and existing space of local SOEs turned into migrant residences. In the last case, there were several state-run factories facing shut downs in Zhejiangcun since the mid 1990s, which were turned into covert migrant housing compounds. This was made possible by the mutually beneficial alliance between the failing firms and the migrants looking for dwelling space, as well as by the implicit involvement of the local officials who turned a blind eye to the practice for economic reasons. It is hence noted that although the social spaces migrants create in Chinese cities challenge state domination and the established social order, they are nonetheless within the gaze of state power. The migrant enclaves are far from becoming civic grounds that nourish democratic politics and social equality, by being in constant negotiation with state power and built on hierarchical patron and client networks that enable new kinds of social domination and exploitation.⁹⁸

c) Social and Spatial Challenges Left of the Socialist Public Housing Estates: The Problem of Urban Renewal

Present Situation

Urban renewal has been regarded as an effective means to solving the problem of neighborhood deterioration. Urban renewal of dilapidated public housing areas has been a key objective of the new social housing policy. Large-scale wholesale demolition and redevelopment method has been adopted as a primary urban renewal method in Beijing since

⁹⁷ Zhang, Li. “Migration and Privatization of Space and Power in Late Socialist China”, *American Ethnologist* 28.1 (2001): p. 194

⁹⁸ Zhang, Li. “Migration and Privatization of Space and Power in Late Socialist China”, *American Ethnologist* 28.1 (2001): p. 180

the early 1990s, but it has met a wide variety of criticisms and resistance. Incremental renovation of socialist public housing units as a renewal strategy has never been refused in Beijing, but it has largely been regarded as a “temporary solution” for individual buildings and urban beautification projects.

The reason for such an absolute dominance of one-sided renewal strategy is twofold. On one side, the political-ideological drive toward modernization, as it has countless dominated the rhetoric and discourse of the nation, including the predecessor of state socialism, has forged the popular conception of most citizens, entrepreneurs and bureaucrats alike. The whole destruction and reconstruction of dwelling units as the basis of life has symbolized spatial modernization, social progress, and the remaking of the individual. Such speeding up of transition was from an agricultural to an industrial society during the socialist era, and from an industrial society to a post-industrial society during the capitalist period. On the other side, the combination of political-ideological drive and economic forces has been a double-edged sword as a coalition of the administrative power and financial power. This marriage has presented innumerable opportunities for both sides to reap the benefits of lawless given circumstances. The framework of public-private partnership has also created niches for exploiting the system for both the party apparatus and the private actors. For the developers, the unitary wholesale demolition and redevelopment approach has allowed them to gain the maximum possible profit by increasing the building heights and housing density (FAR – Floor to Area Ratio).

The problem of urban renewal in China had largely been a *divided* situation since the early 1990s, with the pro-redevelopment coalition (real estate industry, private developers, and profit-seeking homeowners) on one hand, and the pro-conservation coalition (scholars, citizen activists, and NGOs) on the other hand. The pro-redevelopment coalition was aided by the combined strategy of urban renewal and real estate development, through which housing privatization and commodification by way of a single unitary, top-down approach of wholesale demolition and redevelopment of a renewal area awarded them with windfall profits. The wholesale destruction of neighborhoods, disintegration of local community, and displacement of original residents were not of concern to them. On the other hand, the pro-conservation coalition led the social preservation and spatial rehabilitation efforts of historical hutong areas and dilapidated socialist public housing areas by stressing the importance of social, cultural, and ethical dimensions in urban renewal strategy.

The large-scale renewal of former socialist public housing areas came to a standstill after 2004 as a result of the fundamental dilemma of renewal strategy which has proved inadaptable to the increasingly complicated situations arising in Beijing. One of the causes for the difficulty in pushing forward a coherent, effective, and just urban renewal mechanism is the inherent uncertainty and confusion over the definition and requirement of rehabilitation measures under the hybridity of ethos of transitional society. A whole collection of diverging interests and convictions, ranging from total westernization and neoliberalization of national political economy and society, to the ultra-leftist nationalism of state socialism with its feats and bouts of populism and revolutionism, as well as disjointed incrementalism of pragmatic reform in between, have crashed and collided with each other, creating insurmountable tensions in the structures and psyches of a *unified* Chinese polity.

Beijing's housing market is divided into two sectors – the owner-occupied sector (tradable

housing market) and the private-rental sector (housing rental market, including the subletting public housing). The public rental sector decreased to less than 20% of the urban housing stock after the market oriented reform. The condition of urban housing stock deteriorated rapidly and resulted in a structural housing shortage: economic polarization of housing stock whereby the rich gradually owned increasingly larger share of housing units while the poor were increasingly marginalized from the process. In addition, the unbalanced housing stock intensified a whole list of economic and environmental problems such as real estate bubbles, restraint of domestic consumptions, urban sprawl, traffic congestions, overconsumption of energy, etc. The privatization, marketization, and capitalization of urban housing stock accelerated social polarization and spatial segregation.

The existing built-up city areas of Beijing are still largely made up of the former socialist public housing areas that are located in the valuable central areas of the city (the majority of them concentrated inside the 4th Ring Road, also the central urban area). These areas are endowed with vital urban infrastructures and public facilities as well as public transportation system. They are also home to many of the government institutions, cultural centers, and financial firms located in the city center as well as major sites of businesses serving them. Even in those former socialist public housing areas in peripheral locations and satellite towns, the proximity of residence, workplace, and urban infrastructural and service facilities was a common feature as an unbroken legacy of socialist urban and residential planning efforts.

They still provide housing for the majority of Beijing's urban populations, including the original residents as well as many young starters and newcomers who are tenants of privatized former public housing units. According to the 2010 Beijing Municipal Bureau of Statistics survey of 5,000 households of urban residents, 50% of households were living in privatized public housing and 13% in non-privatized public housing, thereby together making up 63% of Beijing households still residing in the former socialist public housing areas.⁹⁹ These former public housing areas also constitute a major part of private rental sector of the municipal housing stock as home to many mid and low income residents. The residents include the floating populations, newcomers, local young starters, etc who have homes in the urban periphery but work inside the city. The lower rental fee of privatized public housings (including the illegally sublet public housing) in the old neighborhoods provide affordable dwellings to these groups and they have increasingly become home to the concentrations of mid and low income groups. The continued existence of these former socialist public housing areas and dwelling units, with their low private rental fee can explain the unique phenomenon of soaring housing prices and stable housing rent in the city.

History of Urban Renewal

In Beijing, the very first attempt at large-scale urban renewal has been pursued in the 1950s as part of an ambitious plan of the new socialist government to reconstruct the old imperial city. However, due to lack of funds resulting from the prioritization of the heavy industry in

⁹⁹ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. p.302.

which housing construction was subsumed under the non-productive sector, large-scale urban renewal never took off to a substantial degree. The debate about urban renewal and historical conservation was renewed in the late 1970s as a result of the relaxation in political and academic ambience following the economic reform. By then in Beijing, the uncontrolled demolition and redevelopment in the 1960s and 1970s as part of the chaos and violence of the Cultural Revolution have largely destroyed the historical fabric and cityscape.

Urban Renewal in the Context of Economic Transition from Planned Economy to Market Economy (1990~1997)

Based on experiences of urban renewal pilot projects carried out in the late 1980s, the municipal government of Beijing initiated a large-scale urban renewal project in 1990. The municipal government proposed seven principles as the following:¹⁰⁰

- Transform the emphasis of housing development from urban expansion to the balance of urban expansion and urban renewal;
- Make the target group of urban renewal the residents of decrepit dwellings and the residents with housing difficulties
- Make urban renewal the responsibility of the district/county government;
- Combine urban renewal and urban expansion;
- Combine urban renewal and housing reform;
- Combine urban renewal and real estate development;
- Combine urban renewal and historical conservation

The prime objective of urban renewal of the old public housing areas was to solve the housing problems of urban residents and to achieve tenets of urban planning, including supporting sustainable urban development, decreasing residential density in the city proper, and preserving the historical image of the old city (Xie Dongxiao, 2007). In 1991, the first Chinese legislation on urban renewal – *the Regulations on the Management of Urban Housing Removal* – was enacted. The decision-making power was decentralized to the district/county government and the operator of the urban renewal project was switched from the government to the commissioned renewal institution/agency (developer). Urban renewal was then instrumentally picked as an engine of economic growth and a magnet for large-scale investments from at home and abroad. Introduction of market principles into the socialist market economy has largely conditioned the stage for speculative operations in the urban renewal projects and solved the structural funding problems. The upsurge in the profit-oriented investments in the real estate development projects also triggered the urgency of urban renewal.

However, despite the growing interests in historical conservation of neighborhoods since the early 1990s, many historical neighborhoods were demolished due to the excessively profit-oriented nature of wholesale demolition and redevelopment method of urban renewal. This

¹⁰⁰ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. p.304

method rarely respected the original urban context and sought to increase and indeed exceeded regulated building heights and densities in order to maximize redevelopment profits. It also resulted in many unfair and unjust treatments of the original residents, including low-quality resettlement housing, unreasonable compensation for the demolition of private dwellings, (which excluded the compensation for land lease), forcible eviction and arrests of residents and protestors, etc. The original residents were often pushed out of the city into the urban periphery. At the same time, thanks to the existence of socialist public housing system, many low income households with housing difficulties were able to improve their housing conditions within the urban renewal scheme. However, this was to be radically changed in the next upsurge of urban renewal in Beijing after 1998.

Urban Renewal after the Housing Reform of 1998 (1998~2004)

In 1998, the implementation of a radical housing reform effectively terminated the socialist public housing system. Housing privatization, capitalization, marketization and commodification has caused a tremendous real estate boom and bubble, in which urban renewal has served the means to the capital's ends. The concept of "*Urban Renewal by Housing Reform*" issued in the *Municipal Decree [2000] No. 19, Measures to Accelerate the Urban Renewal of Decrepit and Old Urban Housing in Beijing* further boosted large-scale urban renewal projects in the city. The target group for rehousing was limited to permanent residents with *hukou registrations* and legal dwellings in the listed housing renewal areas. Its basic principles included: rehousing based on the original housing floor areas of each household; resettlement housings for sale only and not for rental; rehousing fees to be shared by the residents, work unit, and government; and combination of resettlement in situ, relocation and monetary compensation in rehousing, in which relocation is encouraged.¹⁰¹ The new law of *Regulation on the Management of Urban Building Removal in Beijing (Municipal Act [2001] No. 87)* enacted in 2001 further emphasized the monetization of housing thereby legally ceasing the household-based rehousing by public housing provision. Residents involved in the urban renewal process had to choose between two rehousing options: monetary compensation (allowing purchasing of new dwelling in the renewal area) and property swap (relocation to another area) – buying their resettlement housing either in situ or being relocated to another location.

The concept of *Urban Renewal by Housing Reform* issued in the *Municipal Decree 2000* actually "preprivatized" public housing in the urban renewal areas and fundamentally marketized the approach to urban renewal, particularly in the rehousing issue. All housing was considered private property and the institution/corporation commissioned by the government took charge of housing purchase, demolition and reconstruction. In the case the residents had no other housing choice other than monetary compensation or property swap, they were given the option of "*resettlement housing*" which was a form of subsidized affordable housing provided by the renewal institution/corporation or the government. Combining the wholesale demolition and redevelopment with the relocation of few original residents handed down big profit margins for the developers while bringing them large land lease revenue. At the same time, the government and the work unit were freed from the

¹⁰¹ Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. p.345

pressure of financial input into the renewal project by handing over the responsibility of rehousing the residents to the renewal institution/corporation.

Thus the highly speculative nature of urban renewal has attracted large numbers of real estate investments in the urban renewal projects which only boosted the wholesale demolition and redevelopment of existing neighborhoods. Developers indiscriminately demolished old hutong areas and former socialist public housing areas alike and replaced them with high-rise or mid-rise apartment buildings. This approach hardly kept in line with the existing spatial and social fabric of the neighborhood and created a large fissure of discontinuity in the life and identity of transitional Beijing. Among the 7 urban renewal principles issued in 1990, it overemphasized the principle of *combining urban renewal with real estate development*. It fostered the condition of *Growth Machine* by forging the alliance of pro-growth local government and profit-oriented real estate developers which distorted its original social objective and turned it into a speculative business. Severe criticism of this unitary and indiscriminate approach by scholars, citizen activists and the public was largely ignored.

Moreover, it brought consequences of socio-spatial polarization, segregation and gentrification by the displacement of original residents. The displaced residents were disadvantaged in the monetized rehousing option because the amount of monetary compensation for in situ rehousing in the redeveloped dwellings was lower than the new market price, which tended to be more expensive than the peripheral relocation. So it was not really a double option for them. Only those owners and registered residents of non-owner-occupied dwellings, owners of large-sized dwellings, and high income residents benefited from the monetized compensation rehousing scheme. Those low income residents were eventually relocated in resettlement housing areas in peripheral locations in and outside the city boundary. The great urban renewal movement initiated in many of the former socialist public housing areas in valuable inner city locations were later gentrified and/or turned into gated community for the exclusive reserve of the high income strata. In contrast, those highly dense decrepit housing areas were excluded from the process due to funding problems and later turned into concentrated slum areas for low income groups. The whole process led to social filtering and residential differentiation.

Present Problems

Neighborhood Decline and Spatial Segregation

The privatized public housing areas are located in valuable central areas of the city with good cultural and educational institutions and public infrastructures, which make them highly attractive as a home investment asset. High income households purchase these stocks as their second or third homes and the growing market demands lead to their soaring prices. The homeowners of these privatized public housing units move out of these homes to the newly built owner-occupied homes elsewhere while keeping the hukou registration and legal ownership of these dwellings for rental and other purposes (such as having privileged access to good schools in the area for their children). Thus these housing stocks do not tend to be well maintained as the new homeowners hardly contribute to the maintenance and management of their rented dwellings due to the existing ambiguity in the ownership status.

The problem of neighborhood decline in Beijing has two aspects: the decline of overall living

conditions in the former public housing areas and the threat of socio-spatial decline in those areas. Neglect of proper maintenance and management result in physical deterioration of the housing stock and downgrading of overall living conditions. The physical deterioration then dialectically interacts with the social and demographic processes of residential living to engender a social decline of the neighborhood. The low rent of these private renal dwellings invite mid to low income groups while the highly speculative nature of privatized former public housing units does not bring in mid to high income groups who mainly use these dwellings for non-residential and profit-oriented purposes. What is thus exchanged in a housing unit transaction is mostly the property ownership, not the actual condition of residence. The initial deterioration of these stocks leads to further emigration and exodus of higher income groups from these neighborhoods which exacerbate the spiral of neighborhood decline. They are partly replaced by mid to low income groups of tenants and increasingly become home to concentrations of marginalized social strata, which disintegrates the existing social mix of the neighborhood. A process of social filtering and segregation is thus set in place, threatening the urban sustainability of the given spatial area; its trend and force are hard to break especially upon the social stigmatization of the neighborhood. Thus the unitary urban renewal approach has consequently created an urban landscape of residential differentiation: the gentrification of neighborhoods in valuable strategic locations of the city; the continuous decline of former socialist public housing areas which are economically unfeasible for redevelopment; and the spatial concentration of displaced residents in urban peripheral locations.

Rehousing Issues

Rehousing has been one of the most, if not the most, critical problems in the renewal process of former public housing areas. According to the original policy of Urban Renewal by Housing Reform issued in 1990, the original tenants were supposed to purchase their dwellings during the construction phase and be transformed into homeowners/property owners. However, as a result of the coalition of the government and the renewal corporation which sought to maximize profit – to the degree of violating social principles and infringing upon housing rights of the original residents by bypassing or even modifying legal requirements (i.e. unreasonable compensation, large-scale displacement of residents, low-quality resettlement housing, forced eviction, etc) – the original social objective of renewal has been largely oppressed.

Fundamentally the residents themselves were not a uniform group of people. As a result of ongoing marketization of economy and society, a process of socioeconomic differentiation has been enlarged and the resident group in the renewal process had already been stratified into different strata. Dong Guangqi (2006) has summarized three resident groups in the renewal process of historical hutong areas¹⁰²: the beneficiaries of monetized rehousing (higher income residents in large dwellings and owners of non-owner-occupied dwellings); the residents unwilling to move (higher income elderly residents and households in good housing conditions who were willing to stay in their original home and community); and the lower income residents with a dubious stance toward the renewal (eager to improve their

¹⁰² Hui, Xiaoxi. Housing, *Urban Renewal and Socio-Spatial Integration: A Study on Rehabilitating the Former Socialistic Public Housing Areas in Beijing*. Rotterdam: Architecture and Built Environment, 2013. p.371

housing conditions through urban renewal but unsatisfied with monetized compensation or peripheral relocation). The same categorization of social grouping can apply to the situation at the public housing renewal area. Another group that can be added is the tenants of those privately rented dwellings who consisted of newcomers and lower income residents. The unitary approach of rehousing strategy ignored such social differentiation and largely worked toward the benefit of the higher income groups. As a result, the rehousing strategy has created new forms of inequity during the process of urban renewal and further accelerated the process of social polarization and filtering in the neighborhood.

Substantive Governance

The decentralization of decision-making for urban renewal has taken place from the confines of the local government to the district/county government in Beijing while the operational tasks were commissioned to the developers (urban renewal institution/corporation). Based on the government's commission and the regulatory confines of the renewal plan, the renewal institution/corporation is responsible for the operation and management of the whole project, including the physical planning and design, housing removal and resident relocation, negotiations with various stakeholders, coordination with district and local government, and construction. However, under this framework, the powers between the different actors have been unbalanced: the renewal institution/corporation has been given too much power, the government has largely withdrawn itself from the necessary coordination, supervision and regulation, and the voice of the citizenry has been blocked. The heart of the matter is that the administrative decentralization has not really changed the top-down organizational approach to the problem as a result of the coalition of the local government and the developers that collectively pushed their way toward profit-making. The institutionalized obligation of citizen participation, civic negotiation, publicization of housing removal, protection of residents' right of appeal, etc has been largely bypassed or dealt with as a formality. This is attributed to the still pervasive authoritarian, centralized, top-down structure of government and governance in China which is a legacy of both state socialism and historical Confucianism. The larger "public" interest which has rightfully demanded the sacrifice of the minority and individual for the last four millennia since the dawn of the civilization still has a profound impact on the way of the *governmentality* and governance in a 21st century modern metropolis.

d) Future Potential of the Socialist Public Housing Estates via Planned Intervention: Urban Rehabilitation

The present approach of unitary top-down organization, housing privatization and commodification, capitalized financing mechanism, and wholesale demolition and redevelopment to the problem of housing renewal has been based on the single mission of profit maximization. It has been largely inadaptable to the diversifying, stratifying and polarizing needs and circumstances of a rising transitional society; it simply could not balance the growing differentiation and individualization of needs and interests. The legalization of private property through constitutional amendment and promulgation of the

Property Law has conditioned an increasing structural alliance between urban renewal and housing privatization and real estate investment, leading to a soaring housing speculation which has consequently problematized the new financing mechanism of the urban renewal project. In order to solve these problems, the Chinese central government led public interventionist measures to bring back the social housing system in 2007 via the owner-occupied and public rental social housing. However these policy measures were not implemented smoothly and there were many inconsistencies and reversals in the normative objectives and substantive results. Since 2004, many of the urban renewal projects in the old public housing areas in Beijing have been terminated or suspended.

A variety of different approaches to the urban renewal objective, including the rehabilitation of the historical hutong areas, repair and beautification of former public housing stocks, implementation of social rehousing strategy, and promotion of public participation, was experimented with no finalization of a comprehensively effective solution to date. Urban renewal of the former socialist housing estates and dilapidated old residential areas remains an existing and complicating dilemma in transitional Beijing, manifesting in various forms of negative externalities in rehousing difficulties, socioeconomic and spatial polarization, community disintegration, threat of historical conservation and environmental degradation. It has its roots in the structural confrontation between the profit-seeking, unitary top-down approach and the increasingly diversifying interests of various stakeholders.

At the same time, there has been an upsurge of interests in establishing a multiparty interest mechanism that balances the different priorities of the government, society and market. Linking urban renewal to public interventionist measures that can control and guide market forces, such as the social housing policy via public private partnership has tried to bridge a middle way between the extremes of laissez-faire economy and centralized planning. The present interwoven, contradictory and complex situation facing the urban renewal area of former socialist public housing estates requires a comprehensive administrative, legal, economic, political, and social remedy in housing policy, citizen participation, financial mechanism, project organization and management, regulatory oversight, and physical planning and design. The unitary top-down approach of wholesale demolition and redevelopment can only ignore these inherent complexities and create new problems of inequity and imbalance in the housing market. Xiaoxi Hui called for a fundamental reorientation of the present approach to return to its original social objective of improving the living conditions of residents and dwellings in both quantitative and qualitative terms.

In response to these challenges, urban rehabilitation has been tried as the only viable solution to the problem of urban renewal. It implies a combination of housing renovation and neighborhood renewal based on site-specific and incremental procedure. The benefits of urban rehabilitation are:

- It works against the displacement of original and lower-income groups while working toward the retention of the communal fabric and existing social relationships;
- It has the advantage of flexibly and specifically addressing the individuated housing demands of each household and community based on gradual and adaptable programs and physical interventionist methods;
- It encourages resident participation in the decision-making process and improves

democratic governance and planning procedure;

- It can effectively reduce the overall costs of urban renewal, preserve the historical integrity and vitality of preservation areas, enhance the balanced cityscape, and guarantee the reuse of existing buildings.

More importantly, urban rehabilitation emphasizes the social dimension of the renewal strategy. This is done by incorporating social housing provision in the renewal effort; strengthening economic capacity of local businesses and jobs; and encouraging citizen participation in the renewal process. Introducing social housing back into the former public housing areas can solve the problem of socio-spatial segregation by reducing affordable housing shortage in the city and rebalancing the social mix of the neighborhood. Strengthening economic capacity of local businesses and jobs can contribute to the vitality of local economies through the introduction of mixed entrepreneurial initiatives and small-sized individual enterprises. It can also dialectically work toward the social revitalization of the neighborhood by linking employment and residential environment. Citizen participation in the form of collective public organization can create a civic ambience of democracy and social capital and mitigate the tendencies and phenomena of extreme liberal individualism, incapacitated civic non-participation and apoliticization, exclusive associationalism, NIMBYism and the like.

III. Bucharest

Romanian Housing Policy: Socialist Period and Bucharest

Early Socialist Housing (1949~1965): Modernization, Urbanization and Systemization under the Early Communist Leadership of Gheorghiu-Dej

1. Background: Industrialization, Urbanization and Systemization: the Romanian National Housing Developments

In order to delve into the question of the future of socialist housing in Bucharest, Romania, we must look into the history of socialist housing as well as the path of reform undertaken during the system transition in the Southern Eastern Europe (SEE) countries. Bucharest, as the capital city of Romania, belongs to the group of SEE countries, which collectively shared certain aspects of political history, cultural tradition, and economic system under socialism. Aside from the particular national and local characteristics and traditions, the generic path of political and economic reform taken was also similar among these countries.

Romania was among the most *totalitarian* Soviet-type regimes in Central Eastern Europe. From a spatial point of view, this was reflected in the substantial centralization of ownership¹⁰³. In the countryside, the majority of farmers had to enter agricultural collectives, which was initiated at the end of the 1940s. In the cities, the nationalization of housing was profound with state-owned housing (nationalized and state-built housing) accounting for 37 percent of the housing stock in urban areas in 1989 (Dawidson, 2004).

The typical East European “socialist city” was characterized by significant postwar industrial and urban growth, largely inhabited by the first generation of urban residents housed in large housing estates accounting for over 70% of local housing (Andrusz et al., 1996). In Romania, the solution found by the socialist regime to the problem of housing shortage following the Second World War was the social program of building cheap dwelling units (in blocks of flats, roughly 30 flats/block) on a massive scale. As a result, the *Romanian* socialist city added extra elements of inner city redevelopment, resulting in an even higher domination of multistory blocks (Celac, 1998).

Massive migration to the cities in the 1950s and 1960s created severe strains on an economy that emphasized heavy industrial growth over consumer goods and housing. There was an almost twofold increase in the population of Bucharest after 1945. Between 1950 and 1989,

¹⁰³ Dawidson, Karin, “Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania”, *Political Geography*, 2005: p. 548

close to 5.5 million housing units (public and private) were constructed (54% with state funds), and between 1971 and 1989, there were on average 141,000 dwelling units built annually (84.3% with state funds)¹⁰⁴. From 1951 to 1955, about 14,000 apartments were built per year to accommodate 150,000 new urbanites per year. Between 1955 and 1960, Romania's new socialist government commissioned the construction of 340,000 units of housing, most of them in the capital city of Bucharest. From 1956 to 1960, an average of 26,000 new urban apartments were built per year and in the early 1960s about 45,000, for an approximate 200,000 new urbanites that migrated to the city that had to be housed. It was not until the late 1960s that enough new apartments were built each year to keep up with urban growth, and not until the 1970s that the accumulated and unsatisfied backlog began to diminish. The number of newly built apartments rose gradually over the years, reaching 80,000 per year in the late 1960s and 100,000 per year in the 1970s. The hundreds of thousands of blocks of flats became the defining feature of Bucharest, with their recognizable silhouette rapidly transforming the cityscape and skyline.¹⁰⁵ These immense new blocks of apartment buildings stretched for miles into the Bucharest suburbs and similar projects existed in every town¹⁰⁶

The housing shortage throughout the 1950s and 1960s created overcrowding of populations in the cities, to which the state responded by crowding (rather than dispersing or allowing new shantytowns to develop) families together into limited number of flats. This may have contributed to the rapid fall in birthrates¹⁰⁷. Surprisingly, the overcrowding supposedly did not produce massive social problems (crime, prostitution, alcoholism, and other social pathologies associated with urban slums) associated with rapid urban growth in non-socialist industrializing countries. Their relative absence is contributed to the tight discipline and sanction imposed by the state whose pervasive power prevented the emergence of a distinct, hostile and marginal slum culture. In addition, by building factories close to large numbers of commuting villagers, Romania has kept its urban growth under a controllable level, and thus preventing the social disruptions and negative externalities associated with laissez-faire type of urban growth. The relatively even distribution of investment slowed urban concentration as well as allowing large numbers of villagers to become commuting workers to urban areas, via public transport such as bus or train, employed in factories but maintaining residence in their own villages. This has lessened the pressures of urban housing and service provision. Overall, the fairly uniform spread of urbanization, widespread public transportation system, and relatively small size of the country have helped mitigating these urban growth side-effects by allowing new urban migrants to keep in frequent touch with their old families. The industrialization of Romania has thus created a semi-urban society extending into the village areas.

2. The Political Economy and History of Socialist Housing

¹⁰⁴ Dan & Dan, "Housing Policy in Romania in Transition: between State Withdrawal and Market Collapse", 2003

¹⁰⁵ Maxim, Juliana, "The microraiion: the organization of mass housing ensembles, Bucharest, 1956-1967"

¹⁰⁶ Chirot, Daniel, "Social Change in Communist Romania", Social Forces, 1978: p. 474

¹⁰⁷ Chirot, Daniel, "Social Change in Communist Romania", Social Forces, 1978: p. 474

In state socialism, ideology and daily practice were often miles apart. Socialist ideology stipulated housing to be a *basic human right*; therefore housing was to be distributed on the basis of need. By offering housing to the workers, the state was able to steer the workers to areas where they were mostly needed to push economic development (i.e. industrial development). Better quality housing was also used as a perk for those whom the party wanted to reward. However the reality of socialist urban planning is that housing as a policy field has been largely neglected. This neglect of housing has also been echoed in the western European experience, particularly under the context of postwar Keynesian welfare states, as a function of the performance of the larger economy whose ups and downs have translated into budget cuts in public expenditure programs as well as mass public housing construction projects.

The orthodox idea of socialist housing estates as a grey, monotonous, and lifeless residential form is only partially accurate, for there were also whole sections of society that stood outside this formal realm of socialist housing. Much of the housing allocation, transaction, and management were done through face-to-face exchanges, hard-currency deals, and self-building¹⁰⁸ Even some of the state-constructed flats (especially in poorer Eastern European countries, such as Bulgaria and Romania) were merely shells inside which families had to engage in extensive and expensive “self-building” in order to raise the dwelling conditions to habitable levels. This occurred because the states concerned were able to get away with producing large quantities of housing stocks at basic minimal qualities with minimal costs.

In the beginning of socialism after the Second World War, housing fulfilled its egalitarian, humanitarian and welfare function of providing basic shelter to the masses. However, as time passed, the allocation principle shifted from need to merit. What counted in gaining access to housing was the amount of political, economic, and social capital commanded by the household in question. Those better educated and higher in the hierarchy of occupation stratification had increased chances of obtaining better housing. Hence the suppression of old capitalist inequalities was eroded and replaced by a new system of socialist inequalities.¹⁰⁹

In the 1960s, few new housing units were being built and the existing ones were becoming increasingly overcrowded in the big cities of Eastern Europe and Soviet Union. Toward the 1960s, the Soviet Union changed its urban planning policy and launched an extensive program of new apartment constructions. This trend was immediately followed by the communist allies in Eastern Europe with the development of new neighborhoods to extend the housing capacity of cities. Most of the developments took place in the outskirts of the existing cities, incorporating the suburbs and undeveloped lands into the city boundary. Also the areas with slums were redeveloped with modern apartments.

In the 1950s and 60s, rural housing provision by households predominated whereas state provision remained marginal. The situation was reversed in the following two decades when

¹⁰⁸ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. Print.

¹⁰⁹ Weesep, Jan van, “A Perspective on Housing Privatization in Eastern Europe”, *The Urban Lawyer*, 1997: p.

state provision of urban flats reached the highest level among the entire Eastern Bloc¹¹⁰. However, this trend was based on a decrease in the number of new dwellings and total investment in absolute terms, which were undersized urban flats with inadequate technical standards located in highly dense areas (Sillince, 1990).¹¹¹.

3. Socialist Housing Developments in Bucharest

a) Bucharest: from *Paris of the East* to an *Eastern European Socialist City*

The early Romanian socialist planners and political actors had long dreamed of turning their Bucharest, the “Paris of the East” (as Bucharest was popularly called by the Europeans after World War I – a reputation now passed to Prague), to “a socialist city of the future”. With its chaotic, disorderly and anarchic medieval cityscape forming a “spider web of skewed and narrow streets”, Bucharest as a historical city was antithetical to the “centralized aesthetics of order” of a socialist city. They hoped to construct a *vertical* (compact) city, one that would stretch upward into the city skyline while forbidding horizontal development into extraterritorial areas. To them this was the modernist urban form that architecturally represented the socialist revolution – carrying the maxim of infinite progress, social engineering, proletariat revolution, and universal egalitarianism. Such radical reordering of space was expected to epitomize and reinforce the social and political spirit of socialism. More fundamentally, the physical grandiosity of the projects served as powerful symbols of the new leadership’s competence and political will.

As early as June 1949, the Romanian Council of Ministers set up a Provisory Committee for the Capital charged with outlining “the systemization plan for the capital and its zone of influence”. *Systemization* was a term continually used by politicians and specialists alike, describing “the standardization and rationalization of both the design and building process” over which the state intended to extend a full monopoly¹¹². The Provisory Committee’s main task was “to put order into the city via the development plan of the Capital” and thereby creating a material proof of the “transformation of our Fatherland into a socialist country” via the urban remodeling of the city.

This vision was materialized onto a plan in November of 1952 when the Council of Ministers issued its decision over the reconstruction of the city of Bucharest¹¹³. The city of Bucharest was to be conceived as an indigenous socialist museum, in which everything that was disorderly had to be ordered, disciplined and tamed down. Three quarters of the city’s old

¹¹⁰ Soaita, Adriana Mihaela, “Strategies for In Situ Home Improvement in Romanian Large Housing Estates”, *Housing Studies*, 2012: p. 1012

¹¹¹ Soaita, Adriana Mihaela, “Strategies for In Situ Home Improvement in Romanian Large Housing Estates”, *Housing Studies*, 2012: p. 1012

¹¹² Grama, Emanuela. “Impenetrable Plans and Porous Expertise” (2012)

¹¹³ Grama, Emanuela. “Impenetrable Plans and Porous Expertise” (2012)

buildings were torn down as they did not meet the demands of an economical use of space and modern convenience. The socialist planners and their product of master plan for the city (deliberately) did not take into account any traces or significance of the past which were historicized in the memory and fabric of the city and citizens. Instead, modern technology and mass scale industrialization were to fill in the vacuum of history by facilitating the application of prefabricated units of construction materials in the production of serial residential buildings. The words by Gheorghiu-Dej, the first leader of communist Romania, best speak of such conviction and will:

We must gradually move to the industrialization of constructions. We also should know which technology we need and what kind of architecture. [We must know] how much of the built space is for practical use and how much is used for pure embellishment. For there are some who assign 30% for effectively utilized space and 70% for beauty. We must *forgo* this approach.¹¹⁴

With this criticism of the socialist-realist approach toward architecture, Dej had anticipated the doctrinal shift in architectural practice that would be announced by Khrushchev a year later: at the Conference of Builders and Architects in December 1954, Khrushchev denounced the costly and gratuitous ornamentation of the socialist-realist architecture of the Stalin era and endorsed the standardization of construction techniques and materials as the viable solution for mass producing the “more economical and functional housing”¹¹⁵. This speech by Khrushchev would be the first official endorsement of a paradigmatic change in the architectural practice of the Soviet Bloc, and it allowed and even encouraged the Soviet architects to critically adopt the principles of postwar Western modernism in their projects.

As for the Romanian communist leaders, the emphasis on the “economy and efficiency” of building and architectural style served dual purposes of exploiting the economies of scale in construction by relying on autochthonous resources and expertise as well as demonstrating politically their independence from any kind of stylistic influence or guidance from the Soviet Union in the strategy of urban development. Romanians had a long tradition of following Western (particularly the Italian and French) fashions in national identity, history and politics and were less amenable to the dictates of Soviet socialist-realism in art and architecture under Stalin’s rule as well as to the vocabulary of Marxist-Leninism. (Sampson, 1979).¹¹⁶. But on a more practical level, the function-oriented approach launched by Dej may have been the only viable option left to the communists, in which the rejection of Stalinist socialist realist style of architecture acted as a pretext for the more critical urgency of providing cheap functional housing to the masses in the context of urban housing needs created by rapid industrialization and urbanization. Due to the difficulty of developing qualified cadres in the field of urban and housing construction, the personnel in charge of the

¹¹⁴ Gramă, Emanuela. “Impenetrable Plans and Porous Expertise” (2012)

¹¹⁵ Gramă, Emanuela. “Impenetrable Plans and Porous Expertise” (2012)

¹¹⁶ Danta, Derrick. “Ceausescu’s Bucharest”, *Geographical Review* 83.2 (1993): p. 171

task were the pre-1945 *imperial* architects and professionals who were selectively recruited on the basis of meeting the double criteria of “political correctness (being faithful to the party)” and “qualified ability (especially in scientific and technical domains)”. Under these circumstances, the Council of Ministers was much more willing to recruit former experienced architects and specialists for the *systemization* of Bucharest, which was a matter of vital importance to the regime for its popular legitimacy.

b) Cvartal (Kvartal – 1950s)

From the early 1950s, there were many changes to the residential landscape and the overall cityscape of Bucharest. A newly created resolution introduced a new model of urban development called the *cvartal* (*kvartal* in Russian): it was an economically self-sufficient residential district formed of 6-story flats aligned by 8-story buildings on the main arterial roads. For Bucharest’s urban fabric which had grown organically throughout the centuries without grids or straight axes, the cvartal emerged in the late 1940s and 1950s as a timid experimentation at organizing this chaotic 19th century urban fabric of Bucharest via orthogonal and geometrical alignments of urban grids. It rigidly aligned housing blocks along the street grid, incorporated wide monumental axes through its center, and defined its boundaries ambiguously. Because it was formed through the continuous additions of identical elements, it could be extended endlessly. The small housing development in Bucharest’s Floreasca (1956~58) adopted the cvartal principles of economy and efficiency by organizing identical flats into regular patterns aligned with the street grid.





(Cvartal Blocks: source – google)

c) Microroion (Microdistrict – 1960s)

In the second stage of the project, the *cuartal* which represented the 1950s solution to mass housing was replaced by the *microroion* (*microdistrict*) which came to dominate the 1960s as a standard planning device. One of the fundamental underlying structural causes that leads to this shift is the change in the orientation of housing construction from the city center to the more sparsely developed areas encircling the city center. This was due to the availability of readily more abundant land there (without the complication of organic urban fabric as well as the myriad system of ownerships and businesses) which would make the mass scale developments more feasible to carry out. The goal of reforming and reordering the capitalist city to a socialist city thus became one of an alternative utopia *encircling* the historic center.¹¹⁷ At the same time, many former villas in the northern section of Bucharest were converted to government buildings and foreign embassies and the former royal palace in central Bucharest was assigned to house the new Senate Council and other public offices. In essence, these actions were intended to transform the basic structures and the built environment of the city by opening up former exclusionary spaces to accommodate new popular involvement of the socialist proletariat.

For the implementation of microroion scheme, the government engaged in a program of new social housing in the outer districts to accommodate the influx of workers from the countryside, to replace substandard housing, and to reflect the emerging socialist egalitarian

¹¹⁷ Maxim, Juliana. "The microroion: the organization of mass housing ensembles, Bucharest, 1956-1967"

order (Sampson, 1979).¹¹⁸ The districts included *Drumul Taberei*, *Berceni*, and *Titan Balta Alba*, organized according to the *microraion* concept.

Microraion was the *smallest* administrative unit in the socialist organization of the urban territory. The name “*micro*” implied a small constitutive part of a larger spatial unit – that of the “*raion (district)*” – which only then constituted a part of the higher scales in the urban spatial hierarchy. By reorienting the focus of spatial planning from small housing projects toward the organization of an entire urban territory, the socialist city was now to be conceived, planned and developed as a singular organic entity as opposed to broken partialities.

Maxim articulated three interconnected positions with respect to the Romanian mass housing in the 1950s and 1960s¹¹⁹:

First of all, in the context of the Eastern Bloc, mass housing is best understood not as a series of buildings, but as a *strategy* to claim, delineate, and organize territory by operating as a *territorial* and *programmatic category*; artifacts of their own.

Secondly, their architectural, cultural and social agendas become *legible* on the territorial level, revealing formal complexity, variation and a search for experiential qualities as *ensembles* rather than individual buildings; when taken individually, they are rather poor carriers of meaning due to their lack of visual appeal: standardized, uniform, blank and serialized across different geographies and national contexts.

Thirdly, the most significant and interesting *differences* emerge between Western capitalist and Eastern socialist contexts in mass housing *on the level of territorial planning*; microraion – while linked to, and sharing with, the formal housing developments in the west through schemes such as the neighborhood unit – is *specific* to the Eastern European and Soviet socialist development context.

As a main planning instrument of socialist territorial policy, microraion was universally touted as the socialist spatial answer to the ideological and practical imperatives of a new society. Microraion’s playful and aesthetic design was consciously different from the uniform and monotonous design of cvartals. It aimed to constitute an organic unity of its residents and their functional spaces as an integrated residential ensemble of shared practices and institutions. It included schools, parks, daycare centers, parks and green spaces, cafeteria, etc. The maximum distance between any dwelling, service and public transit node was to be no more than 500 meters and the number of residents in each microraion no more than 10,000. Overall, the microraion was a fully constituted, unbreakable and finite entity inside of which each housing bloc stood as a singular irreplaceable component.

Socialist planners transformed the traditional relationships between architecture and the city, in which the buildings would no longer encounter the city directly through the street facades, but only through mediation by the district and microdistrict. Indeed much of the microraion’s

¹¹⁸ Danta, Derrick. “Ceausescu’s Bucharest”, *Geographical Review* 83.2 (1993): p. 171

¹¹⁹ Maxim, Juliana. “The microraion: the organization of mass housing ensembles, Bucharest, 1956-1967”

character was determined by the demise of the street which provided the basic platform of urban experience in historical and capitalist cities. In its place large open green spaces filled in the vacuum of setting for social interaction, which transformed the traditional boundary between the private and the public use of space. The land surrounding the flats was no longer either private or public, but of an intermediary and collective nature for the entire community.

Each microraiion had a clearly defined territory, with its perimeter forcefully demarcated by heavy-traffic streets. In order to achieve a certain functional and experiential cohesion, its territory was not to be crossed by larger streets. This was in contrast to the cvartal, which by being rigidly aligned along the street grid, invited continuity and repetition of the street pattern (being street-based rather than area-based as in microraiion). The interior of the microraiion was enclosed as an autonomous realm independent from external flows and influences while enjoying great internal freedom and flexibility. Pedestrian walkway and vehicular traffic were separated inside the microraiion.

A single building within a microdistrict had little capacity to accrue meaning by itself – in contrast to capitalist cities in which a single landmark (such as the Eiffel Tower of Paris or the Statue of Liberty of New York City) can reversely create a single identity of the multifarious aspects of a city – but only within a matrix of territorial relationships that constituted a socialist city as a whole. Thus the monotonous and impersonal buildings were not only a direct consequence of industrialized and economized construction methodologies, but more fundamentally were part of an effort to dislocate signification away from a single architectural object toward larger urban systems. Such collectivization of buildings was a spatial metaphor for the social overcoming of individualism. The dialectical unity between the utilitarian-functional side and the ideological-aesthetic side was to be exercised in a comprehensive approach toward the full depth of socialist urban experience.

d) Case Study: Balta Alba

Balta Alba is a borough in the eastern part of Bucharest and also commonly known as Titan. This vast district was developed at lightening speed between 1961 and 1963, during which time 36,000 units of socialist flats covering 1,087,000 square meters of land were constructed to house 100,000 inhabitants¹²⁰. The district borders a vast industrial complex to the east, which had had a vital relational significance for the district as a whole. As a site of major steel factories built between the two World Wars, the neighboring industrial complex played a key role in the modernization and industrialization of Romania well before the advent of the communist regime. After 1948, the communist regime nationalized its property and actively sought to incorporate the area into the spatial-political order of the Balta Alba district: it was to serve as the background of an integrated residential unit linking its mass housing to the employment in the factory. On the ideological level, the mutual geostrategic importance of the industrial district and the residential districts of Balta Alba went beyond the functional layer, by providing a fresh visual context of the modern neighborhood, with its vast orderly vistas and lush greenery, which would have been sharply contrasted with the organic and disorderly developments of the historical neighborhoods that bordered the district *on all other*

¹²⁰ Maxim, Juliana. "The microraiion: the organization of mass housing ensembles, Bucharest, 1956-1967"

sides.

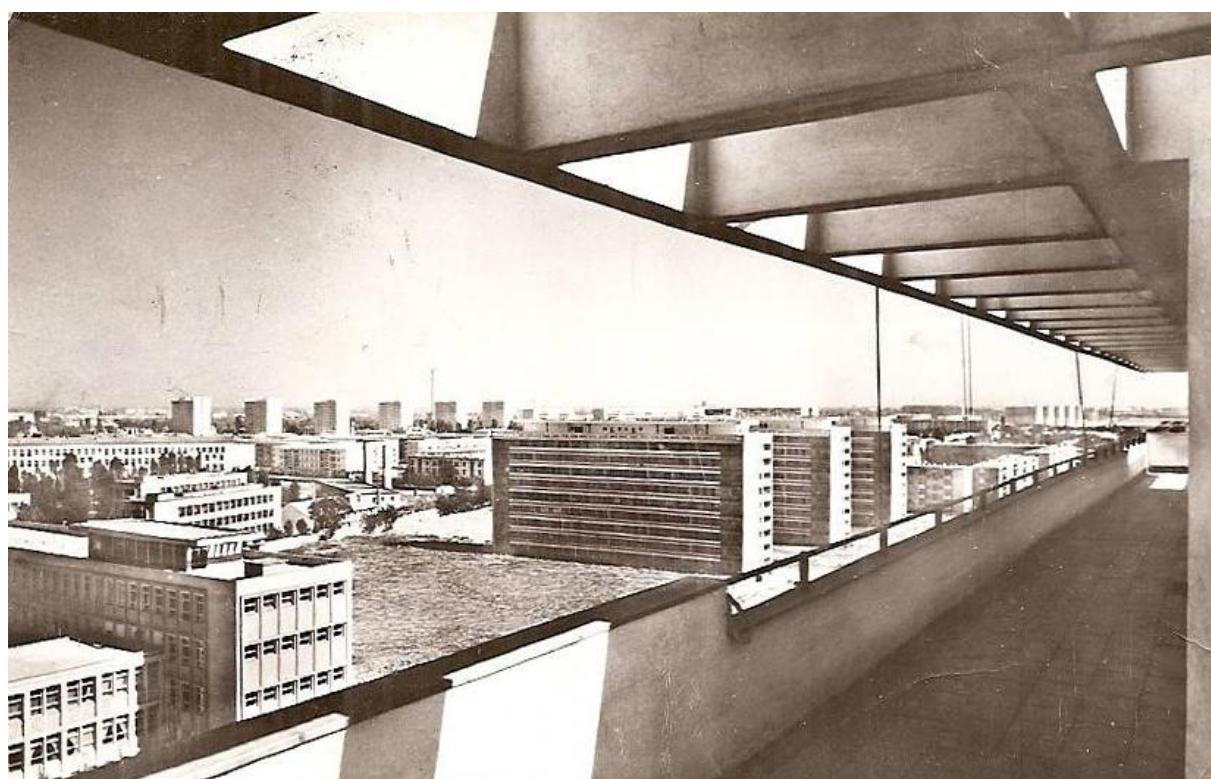


(Source: Google. Balta Alba)

The essence of Balta Alba went well beyond the confines of an industrial complex. In reality, only a quarter of its inhabitants were factory workers. On a fundamental level, it played the role of socializing, urbanizing and modernizing the workers, many of whom were from the countryside, to create a new socialist man for the new socialist society. Under this larger objective, the district as a whole and the microdistrict as a part would function like a miniature version of an ideal socialist city, operating as an instrument of social integration with the purpose of eliminating class distinctions by allocating workers amongst a larger population. It was precisely this attempt to replace distinctions based on economic criteria with those based on spatial criteria that was to form a coherent spatialized collectivity and community. Only under this mission does microraiion find its full definition, expression and *raison d'être*. The district was organized through a gradation of progressively smaller urban units that nest inside each other, with the microraiion being the smallest unit. Balta Alba contained 6 residential neighborhoods called *cartiere*, which was then subdivided into the smaller microraiions; each microraiion contained a cultural and administrative center and a large recreation area around two central lakes¹²¹. Although subsumed into larger urban conglomerations, each microraiion enjoyed a fair amount of functional autonomy, with its own small scale commercial center, nurseries, school, and park. The differences in size, orientation, and building types between the microraiions provided a clear break from the

¹²¹ Maxim, Juliana. "The microraiion: the organization of mass housing ensembles, Bucharest, 1956-1967"

visual monotony of the previous cvartals, and the gradation of size and complexity was meant to signify the corresponding hierarchy of socialist organizations and relations. As such, the settlement pattern in Balta Alba also provided a range of encounters from the small to the large, from the familiar to the abstract, by following finely tuned and orchestrated spatial-functional steps. Through this process, the microrarion attempted to replace the old elements of individualized, economic and class-based identifications by moulding the residents onto the socio-spatial fabric of a territorialized autonomous community through their everyday life practices. Within this context, the microraion was neither too big to be abstract and ungraspable, nor too small to be too intimate, and served as the basic unit of associations and identifications.



(Source: Google. Balta Alba)

Late Socialist Housing (1965~1989): *Systemization, Ceaushima and Bucharest*

1. Background

a) Industrialization, Urbanization and Housing Politics

Although Romania was distinctly unurbanized compared to most of Southern and Eastern Europe in the 1950s, it had greatly narrowed the gap by the 1970s. By the mid 1970s, Romania had an overdeveloped industrial sector compared to its weak agricultural sector.

Compared to capitalist economies, Romania's service sector was inadequately developed.¹²² Industrialization and changing labor force composition have been associated with rapid yet relatively smooth process of urbanization achieved via *balanced development strategy*. Industrialization has been pushed throughout the country and investments were deliberately curtailed in selective cities in order to prevent a few major centers from extending their urban agglomeration impacts onto surrounding areas. Bucharest's population, for example, has grown by 58% since 1948 for three decades while the rest of urban growth across the country has stood at 141% for the same period. Such low growth rate has been "unusual" for a city which was both the political and industrial center of a rapidly developing nation¹²³

The distribution of social housing was carried out by public authorities based on state factory/enterprise recommendations, favoring the employees of the organizations. This government-led programme of social housing was situated within a wider process of *systemization* aimed at total restructuring and rationalizing of national space in both urban and rural areas. The Ceausescu regime undertook a nationwide massive program of consolidating and reconstructing cities, towns and villages with urban planning's modus operandi being *juxtaposition*, *infiltration-replacement*, and *implantation* of social and economic space (Oroveanu, 1986). The city itself was divided into smaller parts, with each division able to sustain itself socially and economically through the coexistence of commercial and residential facilities located within an enclosed neighborhood (microdistrict) and productive facilities (factory) in close proximity to the microdistrict. They were in essence small cities in themselves able to cater to the entire circuit of accumulations.

Such strategy of balanced development, as commonly experienced in other socialist countries such as China and Russia, had not been welcomed by the Romanian middleclass and higher echelons of political power, especially amongst the intelligentsia and communist party elites. Cultural opportunities and amenities such as commercial facilities, restaurants, medical facilities services, educational infrastructure, etc were far inferior in the provincial towns compared to the larger cities due to the lack of necessary time and investment required for the establishment of these infrastructures. Established bureaucrats in large cities, particularly in Bucharest, considered transfers to smaller towns as severe and unpleasant demotion. In case they were transferred, they tried to commute without moving their families away from the main centers. Among the middleclass, urban-to-rural or big-city-to-small-city commuting was much more common than the reverse way around. The marked difference in the quality of cultural life between the large cities and the provincial towns particularly concerned the university students. Assignment to provincial towns or rural industries after graduation was feared by university graduates although they were powerless over the decision. Scholastic standing determined the choice of jobs, so the brightest usually remained in Bucharest or Cluj while other less able ones were posted to the least desirable locations. The situation affected young professional couples most seriously, who risked living a separate marriage life in vastly distant locations. The power to consign members of the intelligentsia to different locations was one of the strongest levers of control exercised by the party and the state, with the effect of creating a vast under-the-table business of bribery and corruption related to

¹²² Chirot, Daniel. "Social Change in Communist Romania", *Social Forces* 57.2 (1978): p. 473

¹²³ Chirot, Daniel. "Social Change in Communist Romania", *Social Forces* 57.2 (1978): p. 475

geographic assignment.

b) Between Beijing, Pyongyang and Bucharest

The urban development of Bucharest cannot be understood outside the context of concentrating political power of Nicolae Ceausescu. Politics and power express themselves materially and spatially over the national space, being manifest symbolically in the heart of the polity – the Capital City. Thus the development of the capital city of Bucharest and its subordinate question of housing are more or less spatial expressions and manifestations of political will than a product of rational planning.

Ceausescu's trip to China and North Korea in June 1971 opened his eyes to the use of ideological mobilization in engineering and orchestrating the independent autarkic path of industrialization and national development. According to Dennis Deletant, it has become clear that the “visit aroused in [Ceausescu] an admiration for the Cultural Revolution and for the grandiose spectacles dedicated to the cult of personality. The state-managed adulation of Mao and Kim Il Sung, so meticulously choreographed, fired Ceausescu’s imagination and he demanded the same upon his return to Romania”¹²⁴ Indeed, Ceausescu evidently took inspiration from his “beloved friend”, Kim Il Sung upon his visit to North Korea, and he returned to Romania to initiate a “little cultural revolution” that reversed the late 1960s trends. Party control over “economic managers, planners, technical experts, academic personnel, and the literary intelligentsia” was reaffirmed (Gilberg)¹²⁵

Ceausescu embarked on a national project of developing his “cult of personality” that had become a “permanent, omnipresent facet of Romanian life”. Ceausescu had become as powerful as Stalin of USSR, Mao of China or Kim Il Sung of North Korea, a position unique in Eastern Europe. The constant call for “ideological mobilization” and emphasis on “ideological appeals rather than the material incentives” continued and intensified into the 1970s until Ceausescu’s end in 1989. This paralleled the trend of political concentration of Kim Il Sung and ideological mobilization of North Korean population. Most importantly, the ultimate goal of ideological mobilization was autarkic industrialization (and controlled urbanization in which housing would be central) via the application of ideological struggle to incite mass *Stakhanovism*. This reflected more than pure personal power; it reflected the renewed ascendancy of the same old party functionaries and their institutional followers who backed the previous Gheorghiu-Dej, the first communist leader of Romania from 1947 to 1965.

Ceausescu was also mesmerized by the socialist/totalitarian city of Pyongyang after having witnessed the intense power these architectural structures conveyed over the people – glorifying socialism and their ideological creators. Upon returning from his trip to China and North Korea in 1971, Ceausescu sought to emulate the lessons he learned from his visit in Romania, and particularly in Bucharest, by reshaping the city after the monumental structures he had seen in North Korea and China. In particular, the architecture of Pyongyang and the totalitarian power Kim II Sung held over his people were so compelling to Ceausescu and his

¹²⁴ Tolnay, Adam, “Ceausescu’s Journey to the East”, Georgetown University

¹²⁵ Chirot, Daniel. “Social Change in Communist Romania”, *Social Forces* 57.2 (1978): p. 495

wife that they visited the city on five different occasions: 1971, 1978, 1980, 1982 and 1985. By contrast the North Korean presidential couple visited Bucharest only twice in 1975 and 1980, and was supposedly not taken by the classical bourgeois city. For Ceausescu, the historical 19th century Bucharest popularly referred to as the “Paris of Eastern Europe” by Europeans would soon be replaced by something very different. As his “beloved friend” Kim Il Sung, Ceausescu’s politics included an ideology of nationalism and socialism reinforced by violence and terror, the spirit which would be exactly materialized in the urban planning of the capital city. Bucharest was to be the autocratic regime’s *Ceausescu* playground as “no present-day city exhibits the imprints of an individual to the extent that Bucharest shows the effect of Nicolae Ceausescu.” (Danta, 1993)¹²⁶

This would be actualized through the urban systemization plan he applied to the historic central part of Bucharest, which was recorded as “one of the largest peacetime urban destructions at the hands of humans in recorded history”¹²⁷. As Pyongyang was ideologically and architecturally centered around the leadership of Kim Il Sung, so would be Bucharest to the politico-administrative centralization of Ceausescu, epitomized by the grand monument of his power, *The House of the People*. As such bold vision, Ceausescu went on to transform the historical city of Bucharest into a *socialist paradise*, in which the modernism of architecture would serve key ideological functions as it always has, in the observations by Philipp Meuser, a Berlin architect and specialist in socialist architecture. The effect this project had on the general cityscape and the housing landscape of Bucharest was that a three kilometer long gigantic boulevard wider than *Champs Elysees* in Paris – *the Boulevard of the Victory of Socialism* (now renamed *Unification Boulevard/ Unirii Boulevard*) with high-rise apartments for the *nomenklatura* along both sides of the boulevard – was *created by destroying* eight square kilometers of the historic center of Bucharest (truly a *socialist creative destruction* gone footloose). Historically important landmarks or slums which were ideologically adverse to the victory of socialism were either torn down or screened off by the new towering blocks of flats. As one observer remarked, despite the propaganda that proclaimed humanity as its cause, “one is reduced to an anonymous slave, stripped of dignity and freedom, herded towards “the highest peaks” of depersonalization, the collective living space – the communist blocks of flats”¹²⁸

2. First Phase of Systemization: 1965~1980

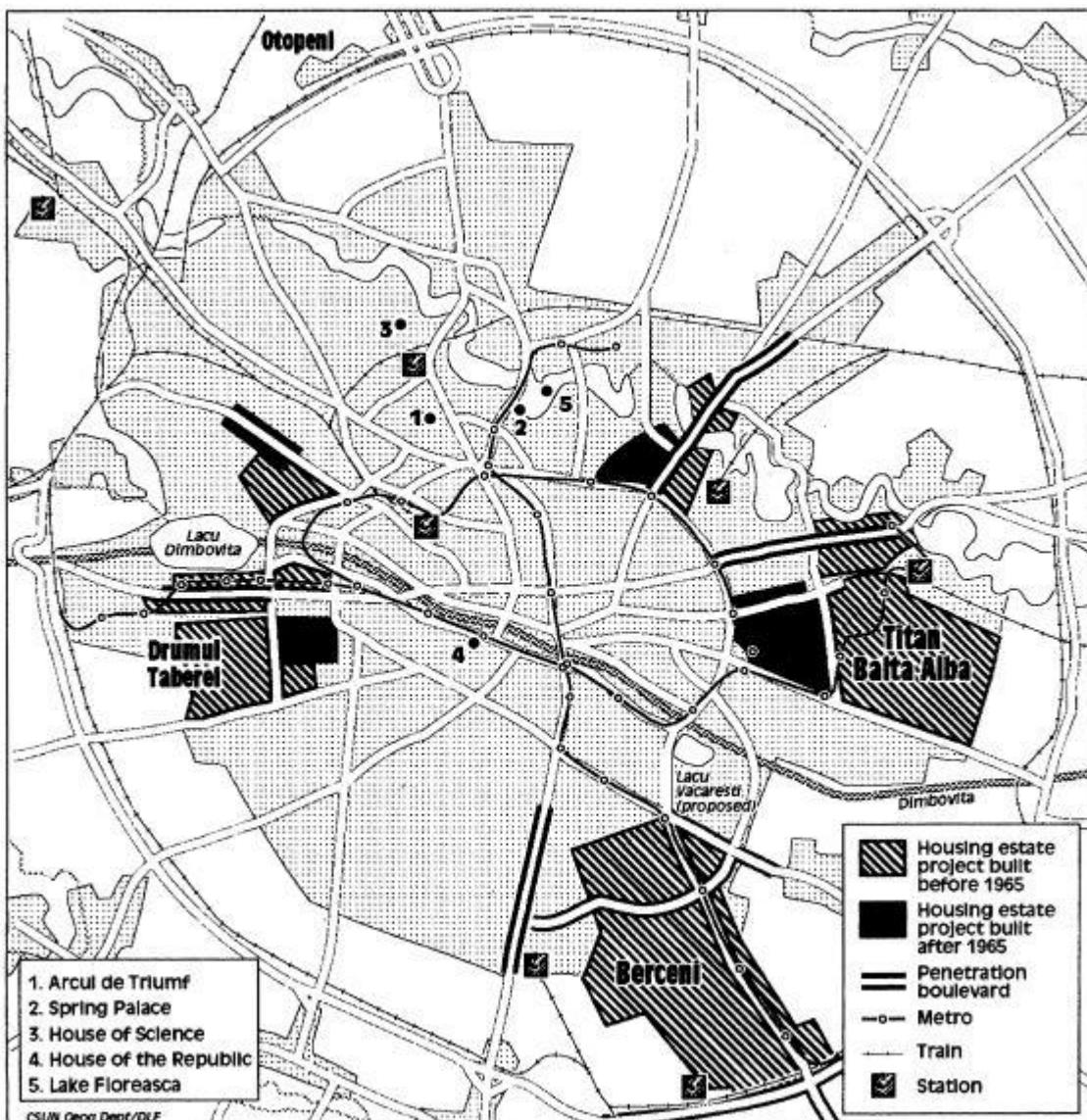
One of the first things Ceausescu had in mind for a national policy after assuming full political control of the Romanian Communist Party was reorganizing the settlement system. Formally implemented in 1974 under the slogan “*Systemization, Modernization and Civilization*”, the earlier systemization plan under the Romanian Council of Ministers which had focused on the building and modernization of urban residential areas had been enlarged and extended to the national spaces and rural communities on a gigantic scale.

¹²⁶ Marcinczak, Gentile, Rufut and Chelcea, “Urban Geographies of Hesitant Transition: Tracing Socioeconomic Segregation in Post-Ceausescu Bucharest”, *International Journal of Urban and Regional Research*, 2013: p. 2

¹²⁷ <http://en.wikipedia.org/wiki/Ceau%C8%99ima>

¹²⁸ <http://mappingromanianart.blogspot.kr/2011/02/cultural-heritage-and-house-of-people.html>

The “second” systemization plan of Romania under Ceaușescu was initiated in 1974 to turn the country into a “multilaterally developed socialist society” with the goal of creating national spatial equality and uniformity and spreading the benefits of urbanism to the entire populations. It was a form of social engineering of a nation aimed at destroying the “breeding ground of bourgeois liberalism” (Behr, 1991)¹²⁹ A “comprehensive nationwide campaign of demolition, resettlement and reconstruction” took place, completely transforming vast majority of villages, towns, and cities across the nation.



Development of the outer zones of Bucharest 1948-1980.

(Development of the outer zone of Bucharest 1948~1980: Source – Google)

¹²⁹ Danta, Derrick. “Ceausescu’s Bucharest”, *Geographical Review* 83.2 (1993): p. 172

In this first phase of Ceausescu's systemization programme (the second in the overall communist leadership), the redevelopments took place mainly in the rural areas and the outskirts of Bucharest. In the rural areas, the rehousing drive as part of the rural systemization plan attempted to consolidate rural settlements (villages) into larger towns so that they can be more effectively serviced with a range of employment opportunities for larger populations. Nearby villages were demolished, often in service of large scale projects such as the canal from Bucharest to the Danube (projects which had since been abandoned by Romania's post-communist government). The state ideology, propaganda and rhetoric of "social progress", "civilized life", and "modern man" were used to relocate hundreds of thousands of rural Romanians into standardized apartment blocks. The urban redevelopment scheme has destroyed 29 traditional towns and heavily mutilated 37 cities nationwide, including Bucharest, which was the main target of its rationale and *raison d'être*. Ceausescu also reduced the administrative capacity of Bucharest in handling surrounding villages and towns. And by 1967, he had imposed restrictions on in-migration to the capital, which dropped the rate of demographic increase. Some of the demographic loss was offset by the rising birthrates caused by the ban on abortion and birth-control practices¹³⁰

3. Second Phase of Systemization: 1980~1989

The second phase of Ceausescu's redevelopment project saw a complete transformation of central Bucharest. From the early 1980s, the systemization plan had fully found its expression by being applied to the nation's capital. The motivation was threefold¹³¹: firstly, the concept of monumentality in art and architecture stemming from socialist ideology would be used to anchor the collective cultural aspects of the landscape as an expression of liberation (Church, 1979); secondly, Ceausescu attempted to rewrite the history of the nation in his own image by destroying the visual past in the center of Bucharest (Lykiardopol, 1991); and thirdly, he attempted to replicate in Bucharest the symmetrical and artificial landscape he had seen in Pyongyang (Behr, 1991).

The 1977 earthquake destroyed one-third of Bucharest, in which the pre-WWII edifices of imperial origins had been crumbled while the structures from the socialist era held out well; this was exploited by the communist regime as a proof of its superiority, competence and legitimacy for rule. The impacts of the earthquake, particularly in the city, provided both ideological and technical grounds for urban intervention into the historic part of the city. Ceausescu soon embarked on a massive urban redevelopment project by clearing large sections of the city center with the intention of "physically erasing the historical memory of the people" (Scott, 1999). The communist regime prior to the 1977 earthquake had focused on the clearance and redevelopment of slums such as *Groapa Floreasca* or *Groapa lui Ouatu* (1950s) as well as on the development of high-density suburban settlements such as *Bucurestii Noi*, *Balta Alba*, *Berceni*, *Giurgiulu*, and *Drumul Taberei*: but the historic part of the city remained basically untouched¹³² By the time Ceausescu was overthrown in

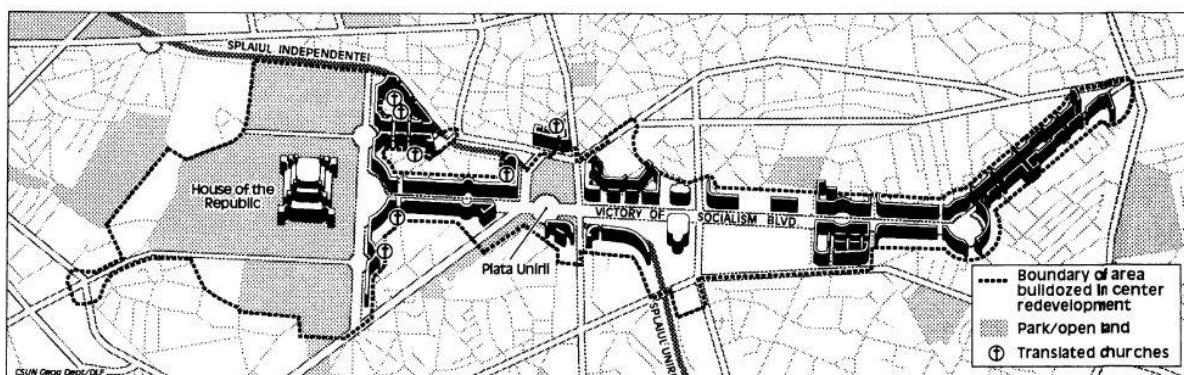
¹³⁰ Danta, Derrick. "Ceausescu's Bucharest", *Geographical Review* 83.2 (1993): p. 173

¹³¹ Danta, Derrick. "Ceausescu's Bucharest", *Geographical Review* 83.2 (1993): p. 175

¹³² <http://en.wikipedia.org/wiki/Ceau%C8%99ima>

December 1989, significant portions of the districts of *Uranus* and *Vacaresti* in central Bucharest were destroyed. These districts were mainly residential areas with a wide-ranging spectrum of social groups, from gypsies and Jews to professionals

Between 1978 and 1983, a span of six years from Ceausescu's first ideation of creating a grand new civic center in the very heart of Bucharest until the full-scale implementation of his vision, interventions in the historical parts of Bucharest (such as in the rebuilding of the traditional *Calea Mosilor* where uniform concrete apartment blocks were constructed) were still carried out respecting the preexisting urban fabric and configuration due to the significant opposition encountered by the majority of leading experts. However, Ceausescu succeeded in quelling the arguments and oppositions by the experts (authoritative architects, art historians, and intellectuals) and carried on an incremental, trial-and-error and arbitrary method for the implementation of the *House of the People* (*Casa Poporului*, now *Palatul Parlamentului* or *Palace of the Parliament*). Ceausescu found it necessary for his program of systemization to demolish vast portions (the historic and cultural city center) of Bucharest and replace them with grandiose government buildings and high-density-high-quality standardized apartment blocks. They were used by Ceausescu as "political paybacks" to his loyal supporters and also to keep them under his close surveillance. Apartment blocks replaced traditional housing along the main streets and industrial units (often branch factories), and this was accelerated in all commune centers in the Bucharest metropolitan area to provide a model for the rest of the country to follow through the 1990s. Thus the city area located south of the Dâmbovița between *Podul Ișvor* and *Piața Unirii* and up to Antim Monastery was hedged in by a large triangle of standardized concrete blocks of flats¹³³



Development in the center of Bucharest 1980-1990.

(Development in the center of Bucharest, 1980~1989 source – Ceausescu's Bucharest)

¹³³ <http://en.wikipedia.org/wiki/Ceau%C8%99ima>



CSUN Geog Dept/DLF

Changes in layout of central Bucharest 1980–1990.

(Changes in layout of central Bucharest 1980-1990: source – Ceausescu's Bucharest)

Mass destructions in the city of Bucharest lasted between 1983 and late 1988 in the final years of Ceausescu's tenure. Significant portions of the historic center of Bucharest were demolished to accommodate standardized apartment blocks and government buildings, including the grandiose *Centrul Civic* and the *House of the People* (also known as the '*Palace of the Republic*' – now the *Palace of the Parliament*). During this time, Ceausescu managed to reshape the capital's skyline into series of eight to twelve stories high blocks of flats, continuing the *komulnaki* projects of the Soviet Union. Nearly one-quarter of the old town center was demolished including 3 monasteries, 20 churches, 3 synagogues, 3 hospitals, 2 theaters and a noted Art Deco sports stadium as well as thousands of homes, which combined to eight square kilometers of the historic center of Bucharest. They were replaced by the '*Boulevard of the Victory of Socialism*' which was aimed at creating a wider boulevard that *Champs Elysees* which would unite the *Alba Iulia Square*, *the Constitution Square*, and *the Unification Square*. On each side of the boulevard, many blocks of flats were constructed for the "new man" (Romanian citizens brought from the countryside to work in socialist factories in urban areas) although in practice these "prime location and value" properties were monopolized by communist party elites.

All in all, the systemization plan executed in Bucharest was a tyrannical expression of social engineering through *political instructions*. The areas completely destroyed amounted to more than 380 hectares; in comparison, the total damage done to the city by WWII bombardments and the 1977 earthquake combined was only 18% of the destruction caused by the

systemization project. With a lack of clear planning mechanism and budget, it led to the wholesale destruction of traditional communities and artifacts of urbanism that had existed for hundreds of years. The destruction of significant areas of Bucharest, mostly in the historic city center, has left 40,000 people displaced with no supporting provision of proper shelter or housing and it has been a tremendous intergenerational trauma, scar and loss on the psyche and body of entire Bucharest citizens. The redevelopment project also destroyed many historic monuments, thereby dramatically terminating the previously effective conservation programme. It has hence acquired the term, “*Ceaushima*” by combining the names “Ceausescu” and “Hiroshima” to liken the effect of nuclear attack on Hiroshima to the injury suffered by Bucharest under the dictator’s architectural ambitions. Bucharest has been a test-bed of autocratic venture, illustrating perfectly what can be done to a city and its people when Marxist planning concept goes astray in the hands of a megalomaniac. The resulting urban landscape was a disconnected and dual one – between the party elites and the people, the socialist and the historical, the nationalist and the ethnic minorities, the intelligentsia and the laborers – being a locus of intersection between the operation of a shortage economy and the legitimization of a despotic ideology.

Romanian Housing Policy Changes in the context of SEE countries: Capitalist Period and Bucharest

1. Background: Politics of Regime Change and Housing Privatization in Romania

A consensus emerged amongst a group of scholars studying the unique nature and origins of the Romanian Revolution of 1989 that Romania under Ceausescu’s rule had developed a *hybrid regime form* combining the characteristics of the CEE (Central East European) communist states and the totalitarian states of Maoist China and Kim Il Sung’s North Korea. Romania of the late 1980s certainly differed from its Eastern European neighbors in a number of respects. *Economically*, its model was closer to autarky than to the interdependent planned economies whose trade was managed through COMECON (The Council for Mutual Economic Assistance, 1949–1991: an economic organization under the leadership of the Soviet Union that comprised the countries of the Eastern Bloc along with a number of socialist states elsewhere in the world. The Comecon was the Eastern Bloc's reply to the formation of the Organization for European Economic Co-Operation in Western Europe). The autarkic economy led to severe impoverishment of the population and by the mid 1980s, made Romania the only Soviet Bloc country with an entire population living below subsistence levels. *Politically*, Romania was marked by a strange fusion of independent actions in international politics, a mix of extreme ideological nationalism and socialism as sources of political mobilization and legitimization, and a Leninist one-party system ravaged by normalized corruption and totalitarian dictatorship based on a cult of personality. *Socially*, there was a top-down total suppression and control of any spaces of civil society from developing with the society viewed by the state as a recalcitrant mass to be nationally educated, socialistically enlightened and ideologically mobilized, and if need be mercilessly coerced, in the interests of building a great nation of Ceausescan dream. In all respects,

Romania had experienced arguably the most brutal totalitarian type of communist rule among all Eastern European countries and by the late 1980s, it was more alike North Korea than Hungary.

The Romanian Revolution of 1989 (Revoluția Română din 1989), cost the lives of more than 1,100 Romanian citizens, including the violent end of Nicolae Ceausescu and his wife Elena Ceausescu, ending the 42 years of autocratic socialist rule in the country. The replacing government was a social democratic one, *the National Salvation Front*, composed mainly of the former members of the second echelon of the Communist Party. They immediately assumed control over the state institutions, including the main media outlets, such as the national radio and television networks, which were used to launch attacks against their political opponents (mainly newly created political parties). The new government was headed by Ion Iliescu who was a former member of the Communist Party leadership and a Ceaușescu ally prior to falling into the dictator's disgrace in the early 1980s.

Romania had experienced a slow and gradualist transition on the level of substantive and empirical consequences despite the swift institutional reform of its political economy. The 42 years of the socialist legacies have left a permanent imprint on the layer of urban fabric which has been combined with the presocialist layers of development as well as the postsocialist marketization trends. While capitalism has brought certain liberalizing forces in the political economy of the built spaces as well as in the culture of civil society, the conspicuously conservative nature and outlook of the built environment dating from the socialist period and the embedded social customs remain unbreakable to a large degree. Under these circumstances of national system transition, the adoption of western institutional structures and economic policies has not been excessively constrained by the need to adapt them to local circumstances. The *political ideology* of neoliberalism has also been transplanted onto the political reform landscape of *managed* or *guided* democracy. As a consequence, the first decade of transition brought slower economic development for Bucharest and its SEE (South Eastern European) counterparts than other comparable cities in northern CEE (Central Eastern European) countries¹³⁴

At the national level of Romania, the redistribution of nationalized housing has reflected the leftist-oriented political ideology that has stressed the collective social and economic interests of the general population rather than the sanctity of private individual rights. The virtual nonexistence of political opposition enabled the former communist elites to take full advantage of the new circumstances and until 1996 when the liberal opposition party won the elections with a program of reforms (including privatization of previous state assets and euro-modernization), the pace of reforms was slow, the inflow of foreign investment was insignificant, and the employment in SOEs remained more or less intact (Turnock, 2007).¹³⁵ In housing, as a result of the combination of state-sponsored privatization and restricted restitution rights, the redistribution of nationalized housing merely resulted in the

¹³⁴ Marcinczak, Gentile, Rufut and Chelcea, "Urban Geographies of Hesitant Transition: Tracing Socioeconomic Segregation in Post-Ceausescu Bucharest", *International Journal of Urban and Regional Research*, 2013: p. 7

¹³⁵ Marcinczak, Gentile, Rufut and Chelcea, "Urban Geographies of Hesitant Transition: Tracing Socioeconomic Segregation in Post-Ceausescu Bucharest", *International Journal of Urban and Regional Research*, 2013: p. 7

privatization of socialist patterns of property allocation, thereby *directly inheriting*, and in some ways *strengthening*, the existing power relations of socialist vertical hierarchy as horizontally expressed over the urban areas. Soon afterward, this would exacerbate into spatial processes of gentrification and ghettoization created by the forces of globalization and uneven development.

Romanian sitting tenants were granted more institutionalized power to purchase their nationalized housing from the state than the former owners as a result of the very self-serving vested interests of the powerful leftwing ruling political elites. Studies of political inclinations of Romanian Members of Parliament after the 1996 elections have shown that socialist political values have survived: while about 60% of the MPs at the time represented market-oriented parties, their answers to questions regarding the role of the state showed only 40% of market-oriented stance.¹³⁶ The central problems with restitution were that: above all, it was government's lack of political will to implement restitution policies; and secondly, the sitting tenants quickly seized upon the "window of opportunity" to purchase their dwellings *before* the former owners had the time to act (Basescu, 2004).

2. The Housing Policy Changes under System Transition in Southern Eastern European Countries: Strategies, Policies and Problems

Neither during the socialist times nor in the aftermath did these former socialist nations fall under the same single category of an Eastern European model of housing development. Albeit in theory there was a common logic and theory to the Stalinist model of housing development (collective occupancy, low rent, and secure tenure), in reality most countries allowed various forms of public rental, owner-occupation and self-build. The repatterning of the housing structure since the transition has shown that in terms of crude tenure statistics, they resemble the western and northern European countries *less now* than during the socialist era. Grouping all these Eastern European countries together in a uniform category does not do justice to the distinct differences that had existed and continue to exist between the countries of the former 'Eastern Bloc'¹³⁷ Common assumptions about the transition to the market economy based on a "converging trajectory" toward politico-economic westernization and liberalization need to be read with caution, just as those about the "mass uniformity" of nationalist cultures and economies under socialism.

The main common strand which *can* be used to group together the experience of various Eastern European countries was their collective experience of state socialism after the Second World War with varying degrees of similarities with, and dependence on, the Soviet Union. They also went collectively to embrace democracy and market economy after the fall of socialism around 1989. Although the broad characters of the socialist and postsocialist

¹³⁶ Dawidson, Karin, "Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania", *Political Geography*, 2005: p. 552

¹³⁷ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. Print.

institutions are different, the social practices and cultural norms have continued and persisted. It is more fundamentally the continuation of transactions and contrivances in the informal areas that has largely characterized the postsocialist experience.

In the housing sector, they all share the common characteristics of regulated low rental fees, high state subsidies, chronic housing shortages, etc resulting from the centralized structure of the state's political economy. In the early 1990s, these countries collectively embarked on a real estate market reform with the following measures: disintegration and privatization of large formerly state-owned construction companies; liberalization of the sale of construction materials; elimination of restrictions on property ownership; and sale of significant portions of state-owned housing¹³⁸ (Tosics & Hegedus, 2003)

In virtually every reforming Eastern European socialist country, housing markets collapsed with economic recessions and shrinking public sector production. Since housing had been provided by the public sector during socialist times, and now have been provided by the private sector after the transition, one would naturally expect at least a gradual increase in housing demand as the transition economies mature to a fully functioning market economy. However, after ten years of economic restructuring and political reforms in many transition countries, there had been *very low* levels of housing production and transaction despite the growth of economy having progressed for a number of years (Buckley & Tsenkova, 2003) Reductions in income resulted in reductions in demand for housing and services while the recovery has been slow (United Nations Economic Commission for Europe, 1997)¹³⁹ The transition to a market economy from the former state-dominated housing scene has affected the process of housing rehabilitation, with significant problems of maintenance, repair and management in the dilapidating socialist housing estates.

An extensive privatization of public assets – including public rental stock and state construction enterprise – has taken place (Clapham et al., 1996), with the effect of leaving a lot of “unfinished businesses” despite enhancing the competitiveness of private sector production and services. Housing privatization has also created long-term imbalances in the distribution and consumption of housing. In the Eastern European case(s), housing privatization encompassed many more political and economic variables as compared to the East German case¹⁴⁰ Politically, the new regime had to strengthen its legitimacy to the rule through the housing privatization scheme while economically, it faced no other options than to privatize due to its cash-strapped financial reserve. From the point of residents, the privatization process went unsmoothly as a result of the irrational conditions and led to various problems of equity, welfare, and justice; very low price of homes for purchase led to the forced eviction of tenants and the elimination of their social rights and this led largely to the detriment of socioeconomically the most disadvantaged groups. The young people and the socioeconomically disadvantaged groups lost the opportunity to move into the public housing despite their desire to do so.

¹³⁸ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 21.

¹³⁹ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 21.

¹⁴⁰ 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

a) Transition Strategy of Housing Policy: “Shock Absorber” and Privatization – SEE

The first ten years of housing privatization experience in the SEE countries – in substantive and empirical terms – was of transitory nature at a *slow* pace of systemic marketization. Privatization under the political circumstances of Eastern Europe was strongly influenced by the potential burden of management, maintenance and repair costs that would have been relegated to the new systems of local government. With all remnants of the previous socialist regime dissolved, housing market was dominated by owner occupation, property registration unclear, no mortgage lending institutions, and a lack of market actors with buying capacity. However, the perception that the housing sector occupies a crucial seat in the overall economic reform agenda was not met by the corresponding policy initiatives to deal with the housing issues: rather, it was dealt with in separate and temporary manner sidelined by the higher priority of industrial privatization (as experienced in a reverse situation under socialism in which industrial growth was prioritized over housing construction and management).

Politically, the housing issue has served an instrumental purpose for the regime to *lessen its political pressures* (of having to respond to the desires of both the masses and the nomenklaturas with respect to their housing aspirations by facilitating the housing reform process or by assigning a probation period, which in both cases the housing sector was used as a “shock absorber”), and to *tighten its grip on its political authority* (by relying on populist election pledges related to housing in order to win the votes of the electorates within a democratic electoral framework). Scaling back the production of housing and related infrastructure served to “cushion and absorb” the social and economic shock by bearing the costs of the transition. Thus the experience of East European countries’ housing privatization has been described as a “political shock absorber”, demonstrating how changes in political regimes have direct tangible effects on individual households and citizens.

Housing has played a special role in the overall “transition” strategy by acting as a “shock absorber”, helping to bear the costs and strains of wider painful economic reform (Struyuk, 1996)¹⁴¹ Throughout the 1990s, there have been some marked changes but no substantially large-scale housing developments in most of the postsocialist Eastern European countries. Big reductions in the costs of newly constructed housing worked as a way of cushioning stagnant consumption levels during the economic recessions, so that even the very poorest (with the exception of the homeless) could afford a shelter. The most obvious change has been the decline of the state rental sector via privatization which has largely come to an end by 1999.

Rapid privatization occurred in Hungary, Slovenia, Albania, Croatia, and Romania, but not in the Czech Republic, Slovakia, and Poland. The SEE countries belonged to the category of “fast privatizers” (between 1990 and 1994, up to 67.5% of the already small share of public rental stock had been privatized, with Romania at 74% - significantly higher than the CEE group, at 12%). As a consequence, between 1990 and 1994, the already high rate of owner

¹⁴¹ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. Print.

occupation in the SEE countries increased from 78 to 89% with Romania from 76% to 89% (Tosics & Hegedus, 2003).¹⁴² Privatization of industry has fueled the political and economic campaign of homeownership, aided by real estate reforms, with most of the Central and Eastern European countries reaching homeownership levels of over 80 percent – thus becoming the “league of homeownership nations”. The “giveaway” prices have enabled a large share of economically marginalized households to become homeowners. In the Southern Easter European (SEE) countries, the wholesale privatization move has created a platform for super abundant owner occupation, building on already high levels of traditional rural and self-built housing. The pattern of privatization has been that the best quality housing was sold at very low discounted prices leaving behind a residue of poor-quality inner-city and peripheral housing inhabited by families living in poverty.

However, the new market-oriented economic system did not automatically bring about the development of a market-oriented owner-occupied sector; in many SEE countries, property titles remained uncertain, mortgage lending underdeveloped, and the new owners undecided about the management form of their housing. The share of informal and illegal housing remained extremely high in the region. As a major side-effect of rapid privatization and homeownership fulfillment, difficulties in managing utility payments and property maintenance costs have been commonly experienced, particularly in multifamily blocks. Government-funded housing transfers are often multiple times those of market-based system and as a result of this, there had been an even lower level of mortgage lending with most of the government resources being channeled toward subsidies for the very poor rather than contributing toward the development of financial and legal infrastructure for housing finance. The role of housing a “shock absorber” had proved unsustainable by the end of the 1990s, with the urgent need to progress the housing policy into the next phase of full marketization with a carefully designed social safety net. The pressures from both below and top urged a more active role to be played by the state in a coordinated housing policy via regulation and provision of subsidies.

b) Housing Tenure Change and Rental Sector Change – SEE

The basic housing tenet of the socialist period can be summarized as rental housing. Rent control kept the housing costs low and there were vast shadow markets for swapping housing using cash or other scarce commodities. In socialist countries, the social rental units in the form of high-rise complexes were popular and stood at the apex of the socialist housing hierarchy, in sharp contrast to its bottom-low position in Western Europe. At the end of the socialist era in Eastern Europe, the best housing was clearly in the hands of the former elites. However, this does not mean that all of the former socialist counties were completely dominated by the *state rental sector* (its share in 1990 was 19 percent for SEE, compared to 15 percent of EU average). Other types of rental sectors such as *semi-public* or *private rental* were totally missing. The SEE countries in 1990 had a high share of *owner occupied sector* of 78% on average (with Romania at 76%), which was heavily controlled by the state through control over loans, prices of building materials and real estate transactions (Tosics & Hegedus,

¹⁴² Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 24

1992)¹⁴³

In the socialist housing system, public rents were kept low and the prices of public utilities were heavily subsidized, thereby making the total costs of housing merely one to two percent of household income. This situation had started to change since 1990 with the introduction of market prices which was implemented faster in the CEE countries than the SEE countries. Due to the small amount of revenues (decreasing value of the stock) and the rapidly growing expenditures of maintenance and management, local governments considered public rental housing as a “negative asset” to be privatized as much as possible and as quickly as possible. There was a clear link between the size of the public rental stock and the feasible level of chargeable rent – the smaller the size of the public rental stock, the more difficult it is to increase the rent, since the needs of the poorest households must always be served in public housing, thereby not leaving much room for price increases in the remaining stocks.

With the change of the policy paradigm, significant institutional parameters were modified in relation to the public rental sector. The most obvious change is related to the reduction of tenant's housing rights which has been experienced across all former socialist countries in transition. More accurately, it is the restoration of ownership rights by the homeowners. For the first ten years of the housing reform, the governments were not able to completely withdraw from the rental housing subsidies despite significant reductions, and had to introduce new subsidies targeted at the bottom lowest income groups. Despite the efforts to actively progress the privatization initiatives, there were serious limits to the purchasing capacity of the population as well as the problem of the costs of deferred maintenance from the socialist period.

Single-family housing has since replaced social rental units at the top of the housing hierarchy although the social rental units were still considered the best housing just before privatization took off. This also meant that the better-off living in social rental units had been given the opportunity to obtain premium housing at giveaway prices, leading to a recreation of socialist inequalities in the evolving market economy which are likely to be magnified¹⁴⁴. In Romania the remaining social rental housing has collapsed and become devalued and residual, a rarity in the entire housing stock sheltering the poorest households. They are also in a serious state of disrepair due to the lack of financial power and interests of both tenants and local governments.

Another key feature of the tenure restructuring has been the minimal role played by the private rental sector. During the socialist era, private rental housing was nationalized and repressed although it continued to survive precariously through various informal practices such as subletting. The undersized private rental sector has been regarded as a distinct characteristic of the Eastern European residual housing “model” (Mandic, 2000).¹⁴⁵ In Romania, private renting in the big cities has become affordable only to the double-income

¹⁴³ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 21

¹⁴⁴ Weesep, Jan van, “A Perspective on Housing Privatization in Eastern Europe”, *The Urban Lawyer*, 1997: p. 599

¹⁴⁵ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. Print.

families. In Bucharest for example, the average rent price for a single room flat stood at 100 Euros and a double room flat at 175 Euros while the average net salary stood at about 130 Euros as of July 2003¹⁴⁶

c) Problems of Housing Privatization & Maintenance in SEE countries

Liberalization of the housing system in East European countries has not been a panacea in the context of economic restructuring and political reforms. As a consequence of housing privatization and institutional liberalization, a very unique housing situation emerged in the SEE region in the 1990s. Despite the progress in the rapid privatization of former state rental housing stock, with the result of the majority of these countries becoming “super owner-occupied” types, there have been major social problems and diseconomies arising from the new real estate industry and the privatized housing stock. Along with the sudden withdrawal of the state, slow development of the market, unstable growth of financial and public institutions, and proliferation of the informal economy, urban areas became dominated by a highly privatized housing system with a significant share of dilapidated multifamily housing stock and low-income households.

Additional elements specific to the housing situation are as follows:¹⁴⁷

- Dominance of informal and partly illegal self-help strategies (in new construction, extension of existing units, occupation of public space, etc) causing serious deficiencies and strong spillover effects to other parts of the economy;
- Rapid deterioration of large multifamily dwellings with no prospect of necessary and urgent renovations due to withdrawal of the state and the low income of the homeowners along with their lack of cooperation;
- Rigidity in the land market of metropolitan regions due to disputes over the restitutions and intranational and international migrations to larger urban areas;
- Drastic rising in social problems due to increasing housing costs and stagnating personal incomes, leading to increasing segregation of the poorest households.

The reason for the failure of housing privatization in East European countries in general has been that the private capital has not been sufficient enough to work along the housing privatization policy while at the same time the government has wholly retreated from its responsibilities of housing maintenance, improvements, and repair and handed over the taxational and legal burdens on the new homeowners. The housing reform policy which focused on the economic priorities at the expense of social developments has resulted in various spatial abnormalities such as wholesale demolition of neighborhoods and homes, creation of the “housing poor” and the “houseless”, residential polarization, and creation of slums. With respect to access to housing infrastructure and services, there has been a significant backlog in the SEE countries compared to the CEE (Central East European) and the

¹⁴⁶ Dan & Dan, “Housing Policy in Romania in Transition: between State Withdrawal and Market Collapse”, 2003

¹⁴⁷ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 37

EU (European Union) average. Most analysts have agreed that deferred maintenance of housing stock is most common in the SEE regions in comparison to the other CEE and EU regions.

The housing affordability and maintenance-renewal of the existing stock have been identified as highly urgent policy issues, yet they were not recognized as national priorities and were transferred to the local level which itself lacks the necessary financial, technical and legal capacity to address them. These two issues in particular have been analyzed as the *main alternatives* to new construction, which had been more popularly adopted by the market and the state as an easier solution to the housing problem. Critics called for an increased intervention into solving the social and physical problems of *existing* multifamily housing stock, particularly where lower-income households are housed. Paralleling this, a more variegated policy approach was postulated toward the owner-occupied sector, by simultaneously developing policies in both the market sector (eliminating rigidities) and the public sector (providing subsidies for the very poor).

As a general new approach toward solving the housing problems, the following additional measures were recommended (Tosics & Hegedus, 2003):¹⁴⁸

- Establish a comprehensive, market-oriented new legal framework that uses “carrots (help develop market-oriented institutional structure and reshape informal economy)” and “sticks (introduce measures against tax evasion, arrear, illegal and informal housing processes)”;
- Develop a market-oriented institutional structure including organization of national housing policy, specification of the rights and responsibilities of local government, development of new associations for creating incentives for housing-related services;
- Determine new housing policy priorities while taking into account: the social impacts of the new policy formation via the creation of sustainable, fair, and stable social safety net; the management and maintenance of deteriorating housing stocks; and the housing shortage problems in local submarkets;
- Develop a special strategy to move the informal economy toward a formal economy based on official market institutions and judicial institutions based on rule of law. Encouraging public participation, establishing non-profit organization, and legalizing illegal settlements are examples.

These strategies must be implemented based on a careful analysis of the particular historic conditions of space and time, taking into account both the “path-dependent” and “country-specific” aspects of the housing situation which are being increasingly differentiated due to the unique paths of national political, economic and social developments.

3. Housing Policy Changes in Transitional Romania

¹⁴⁸ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 38

a) Background: Privatization Policy

Romanian cities experienced a slow and gradualist transition from socialism to capitalism. There were very limited capital investments in the office and commercial market with stagnating and polarizing incomes. Dissolution of previous public control of city's assets was carried by the quick and total privatization of housing to sitting tenants. There has been a very slow establishment of new public control over the land market, planning process, and building industry. The outcome has been an unregulated capitalist city with some elements of the third-world type of city development.¹⁴⁹ The Romanian postsocialist reprivatization laws dealing with nationalized housing came to mirror the ideological convictions and interests of a very dominant leftwing coalition. Hence the spatial consequences of Romanian reprivatization after 1989 must be understood in light of the post-Ceausescu political transition¹⁵⁰

The privatization policy was to 'recompensate Romanian citizens for their sufferings under the former oppressive political regime' (Autoritatea pentru Urmarirea Aplicarii Unitare a Legii nr. 10/2001, 2003). The first law dealing with nationalized housing was promulgated in 1995 and limited restitution entitlements to those former owners and their heirs who had retained Romanian citizenship and user's rights to the dwellings, despite their small numbers (Parlamentul Romaniei, 1995). Other former owners could demand financial compensation. The same law entitled sitting tenants in the nationalized dwellings to purchase them which were not reclaimed within six months. If their dwellings underwent restitution, their rental contracts were extended for five years (Parlamentul Romaniei, 1995).

The 1990 policy of housing privatization targeted individual units which included shared ownership of common areas and land, excluding commercial spaces. Between 1990 and 1993, formerly state-owned/nationalized housing was sold to the sitting tenants on the condition of a 10% down-payment, the price dependent on the age, structure, category and size of the dwelling. Its attractive financial terms stimulated demand: the share of homeownership increased from 64% in 1989 to 98% in 2003 (Pascariu & Stanescu, 2003) whereas in the large housing estates, the private tenure stood at 99.6% as of 2005¹⁵¹. By 2000, the share of privately owned dwellings had reached 95% in Bucharest.¹⁵² However, very few of those new homeowners were able to calculate an accurate value of their home nor the extent of the costs involved in private maintenance and repairs.

b) Public Sale VS Restitution

If one defines space as a territorial organization emanating from the practice of political

¹⁴⁹ Tosics, Ivan. *Transformation of Cities in Central and Eastern Europe*. New York: United Nations University Press, 2005. p. 73.

¹⁵⁰ Dawidson, Karin, "Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania", *Political Geography*, 2005: p. 548

¹⁵¹ Soaita, Adriana Mihaela, "Strategies for In Situ Home Improvement in Romanian Large Housing Estates" *Housing Studies* 27.7 (2012): p. 1014

¹⁵² Dawidson, Karin, "Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania", *Political Geography*, 2005: p. 556

institutions (Painter, 1995), socialist space was characterized by centralization of ownership, and postsocialist space by decentralization of ownership. Dealing with property rights among the postsocialist elites resulted in different spatial consequences of privatization, in the form of either restitution of confiscated properties to former private owners which partially returned to the presocialist ownership patterns, and public sale to the sitting tenants which inherited the socialist legacy of existing property relations. In the 1990s, in the countries where center and right-wing parties formed major political coalitions such as in the Baltic States and the reunified Germany, they carried out nationwide restitution schemes, while in the countries that inherited remnants of the former socialist political leadership such as in Russia, Hungary, Romania and Poland, they resorted to protecting the rights of the existing tenants to the previously-nationalized and now-privatized housing stocks.¹⁵³

Restitution and public sale schemes redefined and expressed social rights throughout space based on different sets of conceptions of justice. Part of the reason why those countries that had largely inherited the status quo of the socialist political elites chose the method of direct sale to sitting tenants as opposed to restitution to presocialist former owners may be that, given the socialist *nomenklatura* had been in an exclusively privileged position with regard to their own housing (in allocation, location, quality, grandeur, size, management and maintenance), they had consequently the most to gain by following the path of direct sale during the transition.

In any instance, public sale drastically increased homeownership rate to unprecedented levels so that those entering the privatized housing market to become homeowners paid minuscule amount of fee for housing stocks of generally low quality. Restitution on the other hand, although it may be justified on the grounds that it reciprocates the socialist injustices of forcible appropriation of individual property via nationalization, it is itself also liable to creating new injustices and inequities in the context of remuneration, such as forcible eviction of sitting tenants and discrepant amount of reparation. Particularly, the ways in which the restitution laws were institutionalized and executed led to discriminatory and preferential selection of restitution candidates, thereby being overly inclusive of certain groups while being unjustly exclusive to other groups, especially those of ethnic minorities.

In Romania, there had been a widespread disappointment with the poor economic situation among the citizenry after 1989, with rising unemployment and inflation. President of Romania, Ion Iliescu (1990~1996 and 2000~2004) was part of the former socialist elites which helps to explain his centralist and leftist tendencies in political discourse and policy direction after he came to power. The leaders of the government created a political discourse that emphasized the protection of social and economic rights of Romanian citizens in the face of “foreign capitalist” and “elitist and individualist” elements that attempt to gain votes (Durandin & Cazacu, 1998; Soare, 2000).¹⁵⁴ Romania, which has adopted a housing privatization policy of public sale of nationalized housing stock to the sitting tenants, has done so at *giveaway* prices for a number of reasons (as general practical policy benefits facing transitional governments). First of all, low price sale is necessary to create the

¹⁵³ Dawidson, Karin, “Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania”, *Political Geography*, 2005: p. 546

¹⁵⁴ Dawidson, Karin, “Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania”, *Political Geography*, 2005: p. 549

incentive for sale when rents are still low and renovation and maintenance costs would be high; secondly, low price sale can generate larger short-term revenue for the state even if returns in the longer term may be less than from a high-price strategy; thirdly, the political need to show fast progress toward a market economy and to quell public disquiet over falling living standards may militate toward a low-price strategy; and finally, a fast disposal of the stock quickly relieves the state of responsibility for the upkeep of housing and the associated costs¹⁵⁵

In the Romanian situation, the party *apparatchiks* (the former *nomenklatura*) themselves inhabited nationalized yet spacious and luxurious homes in Bucharest's central locations, which swayed the national housing policy toward favoring their individual circumstances. Nationalized properties used by political parties, public institutions, consulates and embassies were still excluded from the restitution process since their continued use by the public bodies was judged to be "in the common interest" (Parlamentul Romaniei, 2001). This led to a mere 5.6 percent of all the Romanian housing stock being state-owned by 1997 (Budisteanu & Coman, 2000), with 75 to 80 percent of all nationalized housing purchased by sitting tenants in the 1990s (Gheorghiu, 2003; Surcel, 2002).

At the same time, the center-right political opposition had argued for a more equal treatment of former owners and tenants by arguing for the full restitution of all confiscated properties since the beginning of the 1990s.¹⁵⁶ The center-right wing opposition, having won the 1996 elections, wrote the draft of the 2001 Restitution Act which would finally initiate the housing restitution process. However, this too was blocked by the Social Democrats (leftwing) in parliament and was not ratified until the President Ion Iliescu returned to power in 2000. By 2001, a more generous restitution law (Law 10/2001), which would give the former owners that had lost their Romanian citizenship and no longer inhabit their former dwellings the right to restitution, was adopted (Parlamentul Romaniei, 2001), despite being limited in effect by amendments that served to restrict the extent of restitution.¹⁵⁷

c) Social Housing Policy

The current Romanian housing stock shows strong socialist legacies given that in 2002, pre-and-post-socialist housing stock accounts for only 8 and 11 percent respectively of the total¹⁵⁸. The housing built by the state during the socialist era confirmed to a limited range of standardized flats in large blocks. Almost all multistory housing blocks were built in the last two decades of socialism in Romania (1970s and 80s) and they accounted for 72% in cities as of 2012. These multistory housing blocks were the prime target of postsocialist privatization schemes, which transformed Romania into a 'super-ownership' nation by the mid 1990s

¹⁵⁵ Clapham, David. "Privatization and the East European Housing Model", *Urban Studies* 32.4 (1995): p. 686

¹⁵⁶ Dawidson, Karin, "Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania", *Political Geography*, 2005: p. 549

¹⁵⁷ Dawidson, Karin, "Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania", *Political Geography*, 2005: p. 553

¹⁵⁸ Soaita, Adriana Mihaela, "Strategies for In Situ Home Improvement in Romanian Large Housing Estates", *Housing Studies*, 2012: p. 1012

(UNECE, 2001).

The dramatic withdrawal of the state in social housing construction and rental housing resulted in a housing affordability crisis in the early 1990s. The situation deteriorated toward the point of “*bringing the state back in*” to the housing market. Urged by a stronger political commitment of the government in the housing issue, by 1992 the Romanian federal government promised key housing policy goals: the completion of 25,000 inherited unfinished flats; better management of collective housing; new housing construction; the development of a housing finance system, private rental sector and housing infrastructure.¹⁵⁹ Soon afterward, the 1996 Housing Act proclaimed decent housing as a national goal.

Modest progress throughout the 1990s induced the government to utilize a mix of instruments in order to increase housing affordability and to embark on a completion of a comprehensive regulatory framework. Policy choices ranged from stimulating economic development in which housing is structurally situated (Mandic & Cirman, 2011) to a mix array of demand-and-supply financial, fiscal and regulatory instruments within the housing markets (Tsenkova, 2009). On the supply side, the National Housing Agency (NHA, enacted in 1998) engaged in the construction of affordable private dwellings and rental housing for young families by combining private investment with national and local subsidies. On the demand side, programs for access to affordable housing have been supported by financial and fiscal mechanisms implemented through the NHA and more recently by commercial and housing savings banks.

Rental housing for socially disadvantaged households was entirely devolved to the local governments and remained marginal: only 4500 new dwellings were provided between 2007 and 2010, mostly for tenants from the restituted housing stock (MDRT, 2011).¹⁶⁰ The Romanian legal culture and environment have been rather relaxed given the predominance of grey economic activities, corruption and bribery – the legacies of the socialist past transmitted through durable networks of power (Bideleux & Jeffries, 2007) and cultural tradition of a historically divorced citizenry from its ruling class (Mungiu-Pippidi, 2005) which undermines the rule of law. Such relaxed legal environment is reinforced by individual “best” choice *until* either costs exceed benefits in particular socio-institutional settings or until structures of control and enforcement are installed (Rose, 1998).

4. The Fate and Future of Socialist Housing Estates in Romania and Bucharest in the Capitalist Period

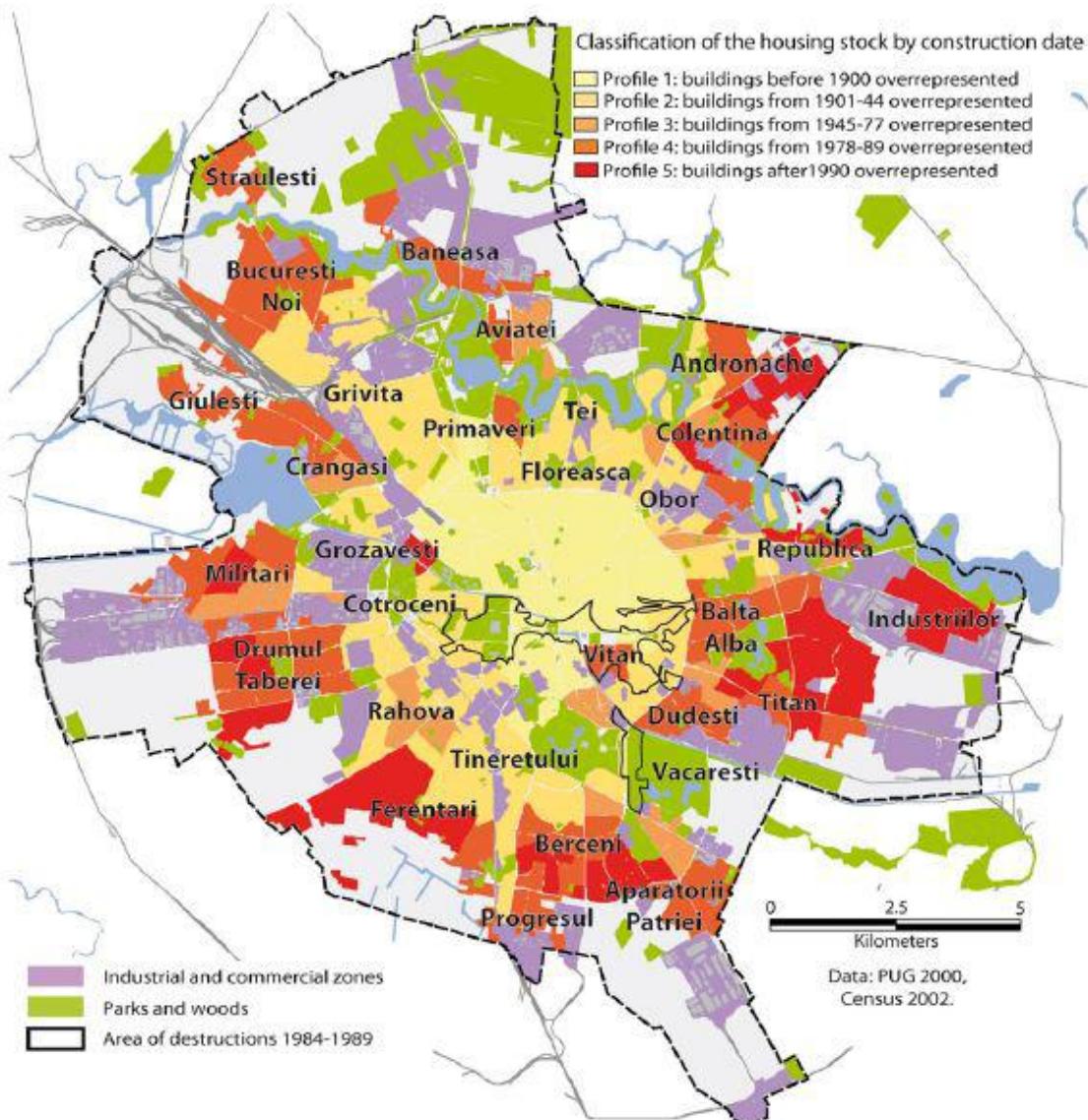
a) Transformation of Residential Landscape in Bucharest

¹⁵⁹ Soaita, Adriana Mihaela, “Strategies for In Situ Home Improvement in Romanian Large Housing Estates”, *Housing Studies*, 2012: p. 1012

¹⁶⁰ Soaita, Adriana Mihaela, “Strategies for In Situ Home Improvement in Romanian Large Housing Estates”, *Housing Studies*, 2012: p. 1012

The cityscape of Bucharest is dominated by huge standardized blocks of socialist housing estates mainly from the 1970s and 1980s. Studies have found that despite the comprehensive changes experienced by the society, the socio-spatial patterns observed in Bucharest are firmly rooted in the city's past; decades of hardline socialist rule did not fully change the structures of the presocialist era, nor did the marketization and liberalization of the economy fully free up the socialist spaces. Both the socialist nomenklatura and the postsocialist elites clustered in areas with spacious prewar villas and apartment buildings while the vast majority of Bucharest's residents are housed in socialist flats.

Like most other European cities, Bucharest has its fair share of immense functionalist neighborhoods which count as many as 200,000 or even 400,000 inhabitants (Balta Alba, Drumul Taberei); these were built in the 1960s and 1970s based on principles of free urban planning whereby slabs and towers float amid vast expanses of greenery. Buildings differ considerably, ranging from heavily prefabricated ones and which sprawled outside the city center to the rather pompous style of better built blocks with spacious apartments. The logic of uniform, uninterrupted slabs and inner courtyards was adopted not only in the city center but also in the new neighborhoods of the 1970s and 1980s which extended the city limits (Zeppelin, 2009).



Land use map of Bucharest showing age of housing stock (sources: Direcția Urbanism și Amenajarea Teritoriului 2000; National Institute of Statistics, 2002)

(Land use map of Bucharest showing age of housing stock)

These socialist-era prefabricated housing estates have become increasingly differentiated (Temelova et al., 2011), with some becoming dreaded slums of the 21st century (such as the former workers' dormitories in the Ferentari district) while others from the late 1970s and 1980s became home to higher-income groups (Kahrik and Tammaru, 2010; Marcinczak and Sagan, 2011). Market-led processes of densification have become evident in Romanian estates under total absence of planning procedures for public consultation. Court decisions and later amendments to the 1991 Land Law allowed for in-kind restitution of urban open space (including those between blocks, which resulted in the loss of parks, children's playgrounds, school yards and green spaces).¹⁶¹

¹⁶¹ Soaita, Adriana Mihaela, "Strategies for In Situ Home Improvement in Romanian Large Housing Estates",

There has been a trend of suburbanization of residential areas from the city toward the urban periphery and rural areas around Bucharest due to the rising costs of housing (urban land, housing price, rent, utilities and services) in the urban areas and dramatic decrease in the purchasing power of the population. Consequently the best quality housings in Bucharest are located in the city center (between *University Square*, *Romana Square* and *Unification Square* along the *Unification Boulevard (Bulevardul Unirii)*) while the social housing from the socialist period are located in poorer districts (in neighborhoods such as *Militari*, *Titan*, *Dristor*, *Drumul Taberei*, *Pantelimon* which were developed for rural migrants relocated to the city during the mass industrialization effort since the 1950s). There has also been an emergence of underclass ghettos of post-1989 origins which partly overlap with the poor-quality blocks of flats from the 1960s.

Despite the postponement or slow adoption of “shock therapy”, the first decade of transition triggered profound changes in the overall occupational structure of Bucharest, with the corresponding changes in the spatial expression of these structural transformations. The first of these occupational structural changes a significant drop in the total number of economically active population with the most substantial decrease coming from the manufacturing industry with a large loss of skilled industrial workers. This led to the overall population shrinkage of Bucharest caused by large out-migrations. The second change was a noticeable expansion of the white-collar occupation in both public and private sectors. These overall trends have indicated that in Bucharest in the first ten years of transition, there was neither relative nor absolute social *polarization* (Sassen, 1991) but rather *professionalization*: the postsocialist developments in Bucharest resemble those in other European capitals (Hamnett, 1994; Butler et al., 2008). Instead of assuming an *hourglass* figure, the socio-professional composition (SPC) of Bucharest looks more like an *upside-down pear*¹⁶²

Housing Studies, 2012: p. 1016

¹⁶² Marcinczak, Gentile, Rufut and Chelcea, “Urban Geographies of Hesitant Transition: Tracing Socioeconomic Segregation in Post-Ceausescu Bucharest”, *International Journal of Urban and Regional Research*, 2013: p. 9

Overall trends in occupational composition in Bucharest, 1992-2002

Economically Active Population	1992	2002	Change	1992 in %	2002 in %	Percent Change
Managers, legislators, senior officials	26,146	68,189	42,043	2.72	8.26	5.54
Professionals	142,728	166,414	23,686	14.86	20.16	5.30
Technicians	160,113	129,557	-30,556	16.66	15.69	-0.97
Clerks and service workers	145,619	163,255	17,636	15.16	19.77	4.62
Skilled industrial workers	403,613	223,519	-180,094	42.01	27.07	-14.94
Unskilled workers	55,821	51,305	-4,516	5.81	6.21	0.40
Never worked	23,489	21,677	-1,812	2.44	2.63	0.18
Total	960,787	825,655	-135,132	100	100	

Source: National Institute of Statistics (2002)

(sources: Directia Urbanism si Amenajarea Teritoriului 2000; National Institute of Statistics, 2002)

Spatially, the changes in these socio-occupational compositions led to segregation between the rich and the poor neighborhoods. The higher-income groups clustered in the vicinity of the city center which contain the best-quality presocialist housing (villas and surviving bourgeois tenements) and the better-quality multifamily flats from the Ceausescu period (*Balta Alba, Drumul Taberei*), particularly those erected during the urban systemization programme of the 1980s. At the same time, the significant residential concentrations of the higher income groups thinned out in a centrifugal movement starting from 1992 and gaining momentum after 2000 (Patroescu et al., 2011). The lower-income groups, on the other hand, concentrated in low-quality housing estates neighboring vast industrial complexes (Grivita, Ferentari and Rahova), central locations in the city (even those adjoining the Palace of the Parliament) and substandard rural housing in peripheral locations that were erected *after* the socialist era¹⁶³

b) The Social and Spatial Challenges Left of the Socialist Housing Estates

The end of the postwar prosperity buttressed by the Keynesian welfare state in Western Europe and the failure of statist central planning in Central and Eastern Europe have resulted in new forms sociospatial polarization with the effect that regions, cities and neighborhoods (including the large estates) are increasingly being differentiated according to their position in a new economic and social hierarchy.¹⁶⁴ In the Eastern European context, democratization

¹⁶³ Marcinczak, Gentile, Rufut and Chelcea, "Urban Geographies of Hesitant Transition: Tracing Socioeconomic Segregation in Post-Ceausescu Bucharest", *International Journal of Urban and Regional Research*, 2013: p. 2

¹⁶⁴ Kempen, Ronald van. Dekker, Karien. Hall, Stephen. Tosics Ivan. *Restructuring Large Housing Estates in Europe*. Bristol: The Policy Press, 2005. Print.

and marketization have led to the weakening of state's regulatory powers and led to the experience of "*turbo urbanism* (the informalization of urban processes as a consequence of unfettered neoliberal capitalism and all its concomitant aspects)" in large cities (Zeppelin, 2009).

The small milieu of a housing estate block was structurally situated between low affordability and relaxed legal environment, which jeopardized the housing management process. Constraints from low affordability have been "grafted" onto this particular cultural ambience and instigated a variety of informal processes in economic, financial, legal, and administrative terms. Furthermore, the postsocialist trajectory of large housing estates and their future prospects lie subject to the new global and domestic currents of change, which have reinforced pockets of socioeconomic degradation and gentrification (Kauko, 2009; Temelova et al., 2011) and local factors such as market-led gentrification, public interventions and resident involvement (Hrast & Dekker, 2009; Sendi, 2009). The impact of these larger structural changes has been uneven on the large housing estates, with the common problems of¹⁶⁵:

- Physical decay because of shoddy construction work, rapid attrition and dereliction, and increasing amounts of litter and rubbish in open spaces;
- Concentration of households with low incomes;
- Low demand and abandonment of dwellings in areas where new and more attractive developments are being built nearby;
- Increasing unemployment, because of declining job opportunities in the urban area as a whole, and because of a process of increasing spatial concentration of the unemployed on the large housing estates;
- Visible anti-social behavior: crime, disorderly behavior, vandalism, drugs, alcoholism, young people loitering;
- Social and racial tensions and conflicts among residents;
- High turnover leading to partial breakdown of social cohesion and reduced resident activity;
- Deterioration of the housing and management services;
- Deterioration of local private (and sometimes also public) services;
- Educational problems because of a high concentration of children from poor families or minority ethnic groups in local schools

Since 1989, rampant individualism, stimulated by the deregulation of the market and the eruption of suppressed energies under the forced collectivization of the socialist period, paved the way for the quick privatization of housing. Despite sharing certain commonalities with the large social housing developments in Western Europe, the socialist housing estates of Eastern Europe had radically different origins and characters. For its origins, they were not meant only for the economically disadvantaged people, but quite simply for everyone, as they

¹⁶⁵ Kempen, Ronald van. Dekker, Karien. Hall, Stephen. Tosics Ivan. *Restructuring Large Housing Estates in Europe*. Bristol: The Policy Press, 2005. p. 5.

represented the one and only choice of housing. For its characters, they were far from uniform: superposition of different functions and techniques, based on locations, age, period and etc, led to great variations in their designs, typologies, density and systems.

In Romania, 70% of Bucharest's population (2 out of 3 million) still resides in these standardized apartment blocks of socialist mass housing. The fate of the Romanian housing estates has been that they have suffered continual decay through the 1990s engendered by both economic (impoverishment of residents and distorted housing costs which have left limited resources for maintenance and repairs) and noneconomic factors (persistent tenant attitudes, municipal lack of interest, lack of competition in the construction submarket, undeveloped systems of housing finance and ineffective regulatory framework to enable management, maintenance, repair or renovation by residents to enforce decisions and eviction for arrears) (Gruis et al., 2009; Hegedus & Struyk, 2005; Tsenkova, 2009; van Kempen et al., 2005). However, the socialist housing estates in Bucharest provide both challenges and possibilities in the context of neighborhood renewal and rehabilitation.

c) The Future Potential of Socialist Housing Estates via Planned Intervention (Tackling Management & Maintenance, Loss of Public Space and Governance Issues)

A comprehensive rehabilitation project of socialist housing estates in Bucharest was started in 2009 by a non-governmental and non-profit organization called *Archis Interventions* in cooperation with local and international architecture offices and projects. The aim of *Archis Interventions* is to “to support cities by supplying ideas and concepts that will help to revitalize the public space and renew faith in public dialogue by organizing international events that initiate interdisciplinary debate on spatial and cultural issues and intervening in deadlocked situations”¹⁶⁶. With respect to the rehabilitation issue of socialist housing estates in Bucharest, it created four principles:

First of all, rehabilitation is a social process as much as economic or physical process, and hardly a technical one.

Secondly, dwelling is not limited exclusively to buildings, but it also implies the space around them.

Thirdly, collective dwelling essentially implies the negotiation of various interests.

Fourthly, public space should not be perceived as a mere legal and administrative category; every community should have a right to public space.

The reality of major urban and architectural differences implies different needs and priorities: every single intervention strategy should define the main categories it addresses (by superposing urban planning, architectural, technical, social and economic criteria) and by setting up action plans for all of these categories.

¹⁶⁶ Zeppelin, 2009, “Magic Blocks: Scenarios for socialist collective housing estates in Bucharest”

① Tackling Housing Management and Maintenance Problems in the context of SEE countries

Situation: Maintenance and Management Problems

The maintenance, renovation and management of the now-privatized, old state-built multi-family blocks have been a major common issue in all former socialist countries and cities. Local authorities responsible for these state rental housing stocks had neither the sufficient funding base to carry out urgently needed renovation schemes, nor the legitimacy to experiment with new forms of housing construction or management. The local governments in SEE countries also did not take the physical upgrading and maintenance of dilapidated prefabricated housing stock and deteriorating neighborhoods seriously on their political agenda.

The management and maintenance of these socialist flats are made negligible particularly in the South Eastern European countries which are economically less developed and have historically had an owner occupation structure (now turned into super owner occupied nations). The reasons for the negligence in maintenance are as follows ¹⁶⁷(Tosics & Hegedus, 2003, “Housing Change in East and Central Europe: Integration or Fragmentation”p. 21):

- Housing privatization has transferred the responsibility of maintenance to the individual households without ensuring the proper financial, administrative and legal support;
- Households took maintenance responsibilities contingent upon their financial situation, which during economic hardships were neglected or postponed, leading to the deterioration of the stock.
- There has been a lack of cooperation and collective action regarding decision-making, financing of operation, maintenance, modernization, and new investment in the privatized multifamily housing sector due to the absence of legal basis for efficient enforcement methods against non-payers.

It was not the centralized structure of public sector itself that was responsible for the deterioration of the housing estates, but more the coexistence of a disintegrated public sector (with reduced law enforcement capacity) and an emerging uncontrolled private sector. The service provider was reimbursed for their service costs through a budget negotiation process, in which neither the municipal/district government nor the service provider had discretion over their revenues and expenditures. The central government provided less and less resources to housing maintenance and management services, and so did the service provider, with neither the incentives to improve services nor the political oversight over its performance; ultimately both sides ruining the system together. These problems led to serious technical deficiencies of the multifamily housing stock, which in extreme cases led to the cutting of district heating, limiting water supply and electric services.

¹⁶⁷ Lowe, Stuart. Tsenkova, Sasha. *Housing Change in East and Central Europe: Integration or Fragmentation*. Wiltshire: Ashgate Publishing Limited, 2003. p. 30.

Strategy:

As possible solutions, the following measures were recommended:¹⁶⁸

- Professionalization of housing management by extending the role and responsibility to the executive branches and encouraging the participation of private and third (nonprofit) sector;
- Support of low-income households by the existing financial and fiscal instruments by means of additional subsidies;
- Establishment of a systematic and strategic legislative framework that is clear, lasting, flexible and enforceable, ensuring minimal standards and participation of poor households;
- Decisive law enforcement with necessary prosecution to establish new standards of social behavior within and beyond the housing domain.

(2) Revitalization of Public Space

Situation: from No Man's Land to Attractive Communal Space

The “schizoid nature of dwelling” during the socialist times led to a wholesale privatization of the housing estates with the surrounding free space remaining in public property. This “everyone’s space” became “no man’s land”. With the housing privatism discussed above, growth in individualism on the level of the community led people to withdraw from collective actions with no concern over their public space: free space became a hunting ground, the domain of isolated retrocession, incoherent temporary or permanent constructions, abusively framed parking lots, plots turned into individual gardens – a ground for isolated administrative actions by the municipality or public domain department involving green areas, traffic-and-public-works maintenance – all conducive to a *disjointed puzzle of territories and wastelands* (Zeppelin, 2009). However, the Archis Interventions project of Bucharest’s socialist housing estates rehabilitation suggests that this entire collection of non-places occupying a vast territory has huge potentials, not only with respect to large-scale operations in a district or the entire city, but as a space for living. It is aimed at making public space integral to all operations and basing all interventions on coordinated urban projects rather than disparate actions.

Within Bucharest since the fall of the communist regime, the new Ceausescu apartment complexes have become the stronghold of higher social segments while the dwellings in aging tenements targeted for systemized demolitions were temporarily allocated to deprived Roma families (Chealsea, 2006). Especially those located along the Unification Boulevard

¹⁶⁸ Soaita, Adriana Mihaela, “Strategies for In Situ Home Improvement in Romanian Large Housing Estates”, *Housing Studies*, 2012: p. 1028

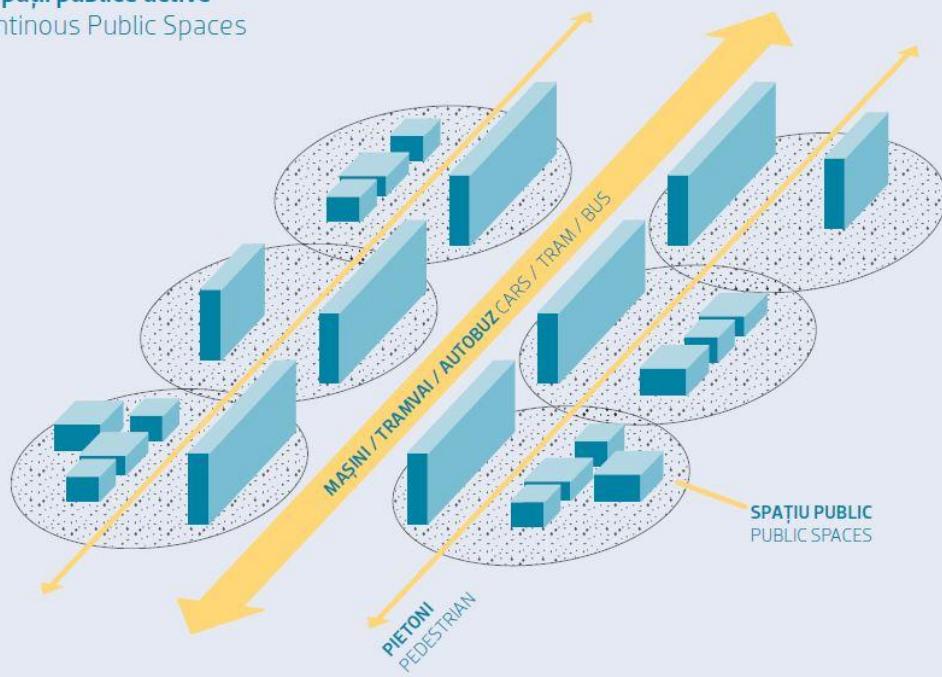
originally designated for the high party officials retain above the average quality while most of the other socialist housing estates do not differ significantly from the suburban estates. The luxury apartment units in the historical center have attracted tenants with greater purchasing powers for their locational advantage, high quality of the dwelling unit, and the design and prestige associated with architectural integrity. However, the inhabitants of these buildings hardly relate to their neighborhood.

These “concrete curtains”, made of buildings of unbroken slabs with standardized facades, flank established major traffic arteries, blocking the view of the real life of Bucharest behind them. They screen out irregular spaces that are demolished and turned into *terrain vague*, as well as those jagged fringes of the historical center, often intact and architecturally valuable (Zeppelin, 2009). Behind the concrete curtains lie empty spaces that are widely used as parking lots, garbage collection areas and other informal non-spaces; in other words, these spaces are *dead*, despite their close proximity to the historical center and privileged residential status.

Strategy: Planned Intervention Principle – Activate the *Terrain Vague*

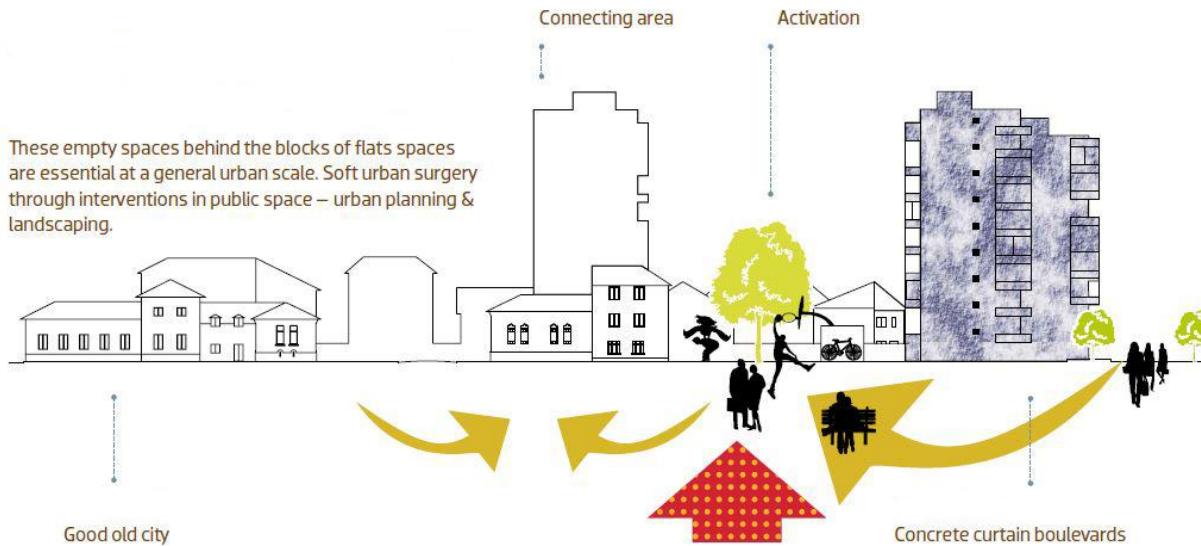
Planned interventions should not be restricted exclusively to partial physical solutions such as solving the parking problems or landscaping the green areas: the aim of the interventions should be *the creation of attractive public spaces which are integral to the city's overall fabric and connectivity* (Zeppelin, 2009). These *spaces of hope* should work toward activating the fringes of the old neighborhoods as well as the areas behind the rows of socialist housing estates. Lack of space between the concrete blocks of housing makes it difficult to construct new buildings while at the same time extensive demolitions are highly improbable due to economic and social constraints. Therefore a “soft urban surgery” with minimal intervention rather than a “full scale operation” is a more appropriate strategy in this context. As far as activating the public space is concerned, the urban fracture along the socialist housing estates in the historic center of Bucharest requires a sensitive dual approach. One is taking an “Upfront” approach and the other is “Rear-end” approach.

O secvență de spații publice active
Sequence / Continous Public Spaces



(Source: Zeppelin, 2011. Magic Block)

For the “upfront” approach, these areas are also “privileged” in that free-market mechanisms function here on a natural basis in terms of real estate development; therefore what is needed is not a stimulus for the building rehabilitation process but rather control and coordination mechanisms for the purpose of regulating the refurbishment of the boulevards, such as improving the façade image through advertisement or repairing. For the “rear-end” approach, it is about activating the wastelands behind the building facades, which have enormous potential for bridging together the two separate worlds – that of the old and the new – by reintegrating these large tracts of isolated and differentiated lands into a convergence of functions in the city economy, imagery, and society. A pilot project would be an efficient way to launch the activation scheme of the unanimated public space; it should cover both the scale of an area plan or a detailed local plan (zoning or regulations), and a proper public space landscaping project.



(Source: Zeppelin, 2011. Magic Block)

Despite the advantageous central location and the high social status of the tenants, these areas are also a *non-community* as a result of combined factors such as housing privatism, frequent changes in tenancy due to its rental basis, and speculative nature of housing. It is thus highly unlikely that the homeowners will become actively engaged in the rehabilitation process, which calls for the involvement of the administration using an economic strategy of the following points: focus on a minimum of essential interventions (modifying, prioritizing, and coordinating operations *already underway*); generate income by creating and renting out legal parking lots and by collecting taxes from uses of space; and increase awareness of the area's high potential and appeal in financial and social terms.

③ Governance Mechanism and Multiparty Participation

Situation: Housing Privatism and Non-Coordination

The depreciating value of the housing stock coupled with the exclusive focus on private space reoriented the uniform residential landscape of socialist housing estates into vertical villages. Virtually every block has become a collection of private spaces with no shared responsibilities of collective care and participation. Culture of extreme individualism and gratuitous antagonism toward anything collective became the norm of society as well as the attitude toward urbanites' own living spaces. This phenomenon has been exemplified in *housing privatism*, which refers to a set of socio-cultural values and attitudes that stresses the centrality of home and incites the corresponding withdrawal and detachment from collective life (Saunders & Williams, 1988). It is rooted in a new culture of reliance on private institutions and broad attitudes of seeing the private concerns of the family above all other public concerns (Somerville, 1989).

The unregulated housing environment engendered privatized responses to housing problems,

fostering residents' withdrawal from collective action in the management of the block, detrimental to both individual and collective interests.¹⁶⁹ Thus the unregulated housing market has been both the consequence and cause of these two central problems of low affordability and relaxed legal environment, linking them in a vicious cycle of privatism by which the block residents were largely disempowered from solving their housing problems with their own efforts while other groups took advantage of the situation (Aslund, 2007). It has been especially difficult to break this link of informality and illegality (of housing privatism) between low affordability and relaxed legal environment; it has proven that the most private aspect of housing – dwelling units and homes – cannot be divorced but are embedded and indebted to its larger social and economic context.

Strategy: Implementation Steps via Good Governance

The comprehensive rehabilitation project is a large-scale operation facing all Romanian cities. A realist approach should comprise of a participatory mechanism which allows: the residents to identify their problems together; terms of reference to be established and accepted through a process of negotiation; the project outline to be comprised of both clearly identified costs and technical solutions; and project implementation to be based on coordinated actions (Zeppelin, 2009). Such activation requires the establishment of counseling and communication body to bring together various partners (homeowners' associations, local and central administration, lending institutions, project designers, construction companies, etc) via the spirit of "good governance": defined as the sum of all possible ways in which public and private institutions and organizations regulate their common business through a continual process, in order to balance diverging interests and allow for cooperation.

As a preliminary step, the identification of particular locations that have potentials as sites of rehabilitation is necessary via the participatory process. This is complemented by a staged partnership between the local administration and inhabitants with the help of a dedicated team of multidisciplinary specialties: architects, planners, sociologists, community activists, economists, etc. Their job is to coordinate all operations by mediating the public relations between the authorities or lending institutions and the homeowners' associations; main tasks include action initiation, counseling on project communication, facilitating negotiations, and coordinating various activities. Such framework has been aided by a recent rise in housing movements as a result of more liberal political circumstances and recognition of the extent and severity of housing problems. They take the form of tenant or resident associations or cooperatives as well as a wide variety of interest groups of residents, landlords and other groups involved in housing system. A framework of mechanism is as follows (Zeppelin, 2009):

- 1) Preliminary Negotiation: identify housing areas with rehabilitation potentials; elaborate on the project challenges and objectives as well as possible methods and strategies; contact inhabitants; set up partnerships with local administration and other stakeholders; open up discussions on the various possibilities

¹⁶⁹ Soaita, Adriana Mihaela, "Strategies for In Situ Home Improvement in Romanian Large Housing Estates", *Housing Studies*, 2012: p. 1027

- 2) Enforcement of a Legal System: a legal framework has to be defined to proceed further with the project; an “association of (homeowners’) associations” needs to be set up for managing ground levels of buildings which belong to the public domain
- 3) Zonal and Functional Framing: devise a Local Area Plan or Urban Design Plan to define the basic zoning (public or semi-public space) and the functions (based on negotiations between various partners); set up a project budget and devise the project plans
- 4) Implementation

IV. Pyongyang

1. Background: Urban Planning and Urban Development in North Korea

Urban planning in North Korea is defined a plan to allocate and devise buildings, facilities, streets, green areas, etc within a system of interrelationships in an urban area. The objective of urban planning is ideological education, construction of healthy and cultural cities, and aesthetic cities. Characteristics are providing convenience for workers, limiting the city size, and construction of satellite cities. Kim Il Sung believed “*enlarging the city size and concentrating the population is an old and outdated method of the 18th and 19th century* (1989 조선건축사)” The zoning of the North Korea cities is classified into residential, industrial, external transportation, storage, green, and public areas. There is no land division based on the market rent. The nature of urban planning is plan-oriented (blueprint-based), physically deterministic, and normative (Kim Hyun Soo, 2004). It is based on the philosophy of *physical determinism* with the idea that physical ordering of the urban environment can lead to a societal and social engineering of the populace. It attempts to create a national socialist community and lead social transformation through urban planning. In “theory”, it is *normative* based on “scientific principles” and “standardized norms”. In “practice”, it is more often than not *ad hoc or improvisational*, being materialized through the ideological dictates of the dictator. As the saying “Urban Planner is a Dictator” goes, it is perhaps most true to its true nature in the case of North Korea, evidently revealing that urban planning can never be free from politics or do without it, whether in democratic or dictatorial terms.

Urban Development in North Korea has been advanced under state initiative with the objective of creating a communal life via the proximate development of residence and workplace as well as of reducing the living standards between the urban and rural residents via the balanced development of city and the countryside.¹⁷⁰ However, as the focus of development priority shifted toward the key industries, the prospects of providing various public and convenient facilities for improving the quality of life and of creating decent living environment became sidelined. Particularly under the influence of *Juche* ideology, urban planning and development took on a strong political and ideological character through various urban expositional spectacles and revolutionary monuments. Such disregard of economic considerations in nationalist “capital planning” (as opposed to “urban planning”) have been universally witnessed across all socialist countries with varying degrees of its manifestations. The general observation that can be drawn in this regard is that the stronger the political power of the regime (or the dictator), the more irrational and improvisational the urban planning and development when judged against strictly “scientific” criteria and rationales of standard socialist urban planning principles. Such centralization of political power has been spatially reflected onto the built form of the city, such as in the strong radial system with monumental axes spreading from the center. The chief function and rai·son d'ê·tre of the *city* – that of commerce and publicness – has become thwarted by the chief

¹⁷⁰ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). p. 137

ideology and politics of *deurbanism*.

The principle problems of North Korean cities are their inefficient land use, imbalances in the intercity and intracity residential environments based on class stratification, distortion of urban spatial structure by political considerations, and irrational planning mechanisms that led to the loss of each city's identity. Most of the cities in North Korea have a mono-core urban spatial structure and spatially dispersed various life service and commercial facilities via the microdistrict plan (주택소구역계획) or settlement zone plan (생활권계획) for the purpose of minimizing residence-work travel. One of the major side-effects of this spatial approach was lowering the quantitative and qualitative standard of each residential and service nucleus due to its necessarily small size. There is also the problem of spatial segregation of different social classes in which Pyongyang and other major cities have been home to the various "privileged classes"; those living in these large cities have been offered various exclusive benefits in basic welfare of housing, food and other services as well as access to better quality educational, cultural, health and welfare facilities.

2. Politics, Institutions-Policies, and Spatial Strategy of Housing Developments in North Korea

a) Politics of National Housing Developments:

The interesting case with the North Korean housing policy is that unlike the former socialist states which tried to ease its grip on the housing policy as part of its general deviating move from the original socialist ideals, *the North Korean government has fully utilized the politics and mechanisms of housing policy to serve its instrumental and dogmatic ends*. This dogmatic turn of housing policy from socialist principles is attributed to, and reinforced by, the *Juche ideology*, which manipulatively works to suppress the basic desires of the populace and serve the vested interests of the political elites. The housing situation in North Korea is thus a highly peculiar one: aside from the commonly shared characteristics with other former socialist countries such as the state-monopolized construction, provision, redistribution, and management of housing, there are several tendencies which are many times more disastrous and exacerbated by North Korea's unique history and political economy.

First of all, with the exception of Pyongyang and a few major cities, the housing conditions of the rest of the country are extremely poor and at the same time highly polarized intraregionally. Interregionally, it can be viewed as the one city-state of Pyongyang versus the rest of impoverished feudal provinces and cities. Secondly, depending on the tenant's social class and political status, the discrepancies in the housing size, quality, form, and location are immense, thereby lacking equity more than any other socialist states in history. In the state's basic construction directives, the housing allocation along class and status line is explicitly stated as "to guarantee the prosperous life and housing of the privileged class while strengthening the control of the masses." Thirdly, in spite of such conspicuous promotion of inegalitarianism and inequity, most North Korean people seem to be not greatly distressed or dissatisfied with their present housing circumstances. Despite the many inconveniences, the relatively "equal" situation of households along class lines seems to have been internalized in

their everyday life and common psyche. And finally, the state of decay of the housing facilities and residential environment is extremely serious. Residential density is estimated at 30% of South Korean level and the overall housing facilities such as electricity, heating, water supply, sewage, etc are in premodern conditions.¹⁷¹

The socialist or ideological (*Juche*) housing policy of North Korea can be analyzed on the level of ideology, ownership rights, and housing redistribution and management. On the ideological level, the socialist housing policy can be considered as “the reconstruction of the way of life” and the socialist housing as the space for realizing the socialist ideology as a “socially condensed mechanism”. However, this socialist character which has been faithful to its objectives until the mid 1970s has been retreated following the late 1970s centered around Pyongyang and turned into a more doctrinaire and dogmatic form representing the omnipotent powers of the Kim family. It has in turn emphasized grandiosity, extravagance, size, and non-repetitiveness in building, and as a consequence led to the construction of various types of high rises in cylindrical, acute-angled, and obtuse-angled shape. *On the level of ownership*, there has been minimal change. The vast majority of housing is state-owned which is contrary to many former Eastern European countries which, in light of the increased difficulties of state provision of housing, allowed individual housing construction as well as diverse ownerships for housing-association-owned housing, householder-occupying housing, corporate-owned housing, etc. *On the level of housing redistribution and management*, the housing policy of North Korea seems to be greatly lacking equity and equality, the very cornerstone ideology of socialism. The process of housing redistribution seems to be similar to other former socialist countries, but the class-and-rank-based housing allocation policy and practice are unparalleled in scope and intent with any other former socialist states, even in the most totalitarian examples of the Soviet Russia. In contrast to the former socialist states which provided relatively uniform and standardized housing, the housing allocation and management in North Korea are greatly polarized along the time periods and rank-class. This leads to serious concerns over the housing privatization prospects after the national unification in which the present-tenant-based privatization will reproduce and often magnify the existing inequities embedded in the homeownership structures.

b) Institutions and Policies: Planning, Construction, Redistribution, and Management of Housing in North Korea

The four basic principles of housing policy in North Korea are: *standardization of housing, collective-housing-oriented construction, industrialization of construction, and ideological militarization of construction*. The *standardization of housing* means the standardization of design for the purpose of collectivizing and concentrating the people's living environment. It entails building high-rise apartments in the city and low-rise row houses in the countryside. The design and construction is controlled by the Central Party and it strives for socialist ideology and economies of scale throughout the whole process. The *collective-housing-oriented construction* refers to building collective housing as a format of communal living space for realizing socialist ideology and forming hierarchical service system to promote the

¹⁷¹ 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

communal use of the facilities. It has adopted the microdistrict plan as the basic unit of development and sought to create a socialistic residential environment through a rational integrated arrangement of buildings. The other hidden side of this policy has been to increase avenues of surveillance and control. *The industrialization of housing construction* refers to adopting strategies such as the standardization of design, industrialization of building materials construction, mechanization of construction, etc for the purpose of achieving economies of scale in mass and speedy construction. This policy stems from the structural constraint of socialism which makes it difficult to deploy large numbers of laborers into housing construction, which can derive the benefits of, and be offset by, the mass-scale industrialization of construction. *The ideological militarization of housing construction* refers to the mental, spiritual, and ideological aspects of mobilizing labor and organizing movements for hastening and consolidating the construction process as well as improving production capacities. This is acutely applied in the countryside where the principle of “self-reliance of regional economy” is enforced. And it thus contributed to the exacerbation of the housing quality and professionalism of workers as well as deepening of the urban-regional gap.

The Housing Planning System of North Korea

Large City (over 200,000 people)	Medium-Small City (100,000~200,000 people)	Small City (under 100,000 people)
Residential Zone (100,000~150,000 residents)		
Residential District (40,000~50,000 residents)	Residential District (40,000~50,000 residents)	
Residential Microdistrict (5,000~10,000 residents)	Residential Microdistrict (5,000~10,000 residents)	Residential Microdistrict (5,000~10,000 residents)
Residential Block (1,000~2,500 residents)	Residential Block (1,000~2,500 residents)	Residential Block (1,000~2,500 residents)

(대한토목학회, <북한의 도시 및 지역개발> p. 143) (대한주택공사 주택도시연구원, 통일 한국의 주택부문 연구, 1996)

The planning, construction, redistribution, and management of housing in North Korea take a centralized form common in most socialist countries. Especially in the big cities, everything is controlled by the central state, including the housing construction funds, construction resources, and land-use planning. However in the countryside, the state enforces a “self-reliance concept” of managing the local construction resources and manpower self-sufficiently, thereby greatly increasing the gap between the major cities (Pyongyang) and the rural countryside in terms of housing quality. The management and maintenance of housing is controlled by the Ministry of Public Administration: the Urban Administration Unit (**도시경영처**) of the Administrative Committee (**행정위원회**) under Urban Administrative Department (**도시경영부**). However, those housing for the executives are controlled by the Central Party directly. The level of management and maintenance service provision is reported to be of very low and basic quality, and only done about twice a year (on April 15th and October 10th), even this is limited to those units located near the First-level roads (1호

도로).¹⁷² The rental fee is considered to be relatively cheap with almost zero financial burdens on housing maintenance.

The allocation of housing is done along the class and status line by distributing standardized units on a rental basis. The allocation priority goes to bereaved families, rear families, party members and executives families, regular workers-farmers, families of defectors to South Korea, and families of “impure classes” in order. The newly constructed flats are preferentially allocated to the party executives, thus contributing to a class-based socialist filtering down effect (also known as Duitguru – 뒷구루) on the basis of bureaucratic rank order. As a result the housing distribution rate for the party executives is nearly 100% while the families with lower political ranks or social classes are increasingly facing the reality of sharing a single housing with another family as the housing distribution rate falls alongside the political and social ranks (Seo, 2000). The types of housing allocated to the party executives are new apartments, medium-sized single detached houses, new high-rise apartments, and exclusive independent villas. On the other hand, those allocated to the regular workers are old houses, rural cultural houses, collective public houses, and regular apartments. The average unit size is believed to be between 15 to 45 pyung for party executives while 7 to 15 pyung for regular workers according to independent studies by scholars (Kim, 2000).¹⁷³ It is widely believed that there exist vast networks and practices of corruption and bribery associated with the housing allocation process, and the North Korean residents themselves view it as a “crude trial of strengths”.

c) History: Evolution of Housing Policy and Residential Development in Pyongyang

The period of North Korean housing policies and the impacts on Pyongyang can be analyzed in five different periods.

① First period (1945~1956)

The first period (1945~1956) was when North Korean government nationalized the previous private ownership of housing and land and redistributed them and in the process consolidated its power over the housing sector. During the Korean War, the great destruction of the cities and towns led to a nationwide clearing and loss of great housing stock. Pyongyang was destroyed over 90% during this time from bombing and fighting but it provided the new socialist state a timely opportunity to completely rebuild a new society. The discontinuity with the past and its traditions was to be celebrated in the radical reordering of capital urban space. Pyongyang being in a privileged position of nation’s capital, being reconstructed with the aids and expertise of the Soviet Union, it bore elements of socialist urbanism as well as its nationalist deviations.

¹⁷² 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

¹⁷³ 김대년, 건축학회지, 16권 5호, 2000.5)

② Second period (1957~1976)

The second period (1957~1976) was when the central state attempted to serve the needs of a growing population in the postwar reconstruction era with its fair share of optimism for prosperity and fast economic growth. It is considered as the high point of state-sponsored housing provision enabled by the centralized housing policy. In the First 5-Year-Plan Period (1957~1960), housing supply reached only 25% of its planned volume (600,000 units destroyed from the Korean War) at 150,000 units, and from the First 7-Year-Plan Period (1961~1967) to the extended period (1968~1970), it reached 67% of its planned volume at 800,000 units.¹⁷⁴ The period between 1957 and 1967 (the First 5-Year Plan and the First 7-Year Plan) is known for its effort at mass housing construction through the establishment of centralized housing policy and based on relatively fast economic growth and a sense of optimism for the future.

Between 1962 and 1972, the housing stock of North Korea nearly tripled in volume and in the central part of Pyongyang where there are frequent foreign visitors, 5 to 15 story high-rise apartments were constructed.¹⁷⁵ Major Streets in Pyongyang, such as Moranbong Street, Bonghwa Street, and Red Street were developed in the 1960s and dwelling homes were located alongside (Lim, 2011)¹⁷⁶. From 1971 to 1976, the period of 6-Year-Planning of People's Economic Development (인민경제발전 6개년 계획), diverse types of housing were introduced in Pyongyang, including Bipa Street and Rakwon Street (Jung Seok, SDI 2010). In the early 1970s, Chollima Street and Seosung Street were developed, encompassing many 15-story apartment blocks. In the mid 1970s, Rakwon Street was developed with 20-story apartment blocks. In the early period of housing development, a simple typology of housing along the street was adopted.

③ Third period (1957~1976)

The third period (1977~1989) was when the socialistic housing policy ideology was fading and the state-sponsored new housing provision decreasing as a result of the slowing down economic growth rate. This led to the general decline in the quality of housing and the actual housing supply results remained at 50% of the planned volume.¹⁷⁷ Starting from the late 1970s, more various housing typologies and models started to appear. On the ground floor of the apartments, commercial facilities were located in order to enhance the publicness of street life (Lee, 2000).¹⁷⁸

The 1980s also saw a shift from the previous city-center-focused development to suburban

¹⁷⁴ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). p. 144

¹⁷⁵ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). p. 144

¹⁷⁶ 임동우 『평양 그리고 평양 이후』 (효령출판, 2011). p. 141

¹⁷⁷ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). p. 144

¹⁷⁸ 이왕기 – 사회주의 모범도시를 향한 평양의 도시계획과 개발

area development (Meuser, 2012).¹⁷⁹ p. 118). The Naman Area of Daedong River was developed with residential functions and Mankyungdae Precinct was endowed with residential functions on Gwangbok Street. The horizontal expansion of Pyongyang was paralleled by its vertical expansion with the introduction of super-high-rise apartments (a.k.a dwelling homes: 초고층 살림집). Between 1978 and 1984 (the Second 7-Year Plan Period), the introduction of highrise apartments proliferated and it led to the change of urban spatial structure of Pyongyang. In some areas of Pyongyang, apartments taller than 40 stories were built with each unit over 110m(2) in floor area¹⁸⁰ Major developments occurred on Ansangtaek Street, Younggwang Street, Moonsoo Street (17,000 units) and Changgwang Street (24,000 units of 30 to 45 story apartments) (Jung Seok, SDI 2010). The dwelling homes built in the 1980s were 20 stories, 25 stories, and 30 stories in height and the volume was construction was unprecedented in history. Throughout the 1980s, there have been extensive development schemes in the outskirts of Pyongyang in order to solve the housing shortage problems and to parade the revolutionary spirit of the city. Changgwang Street was developed with 30-story high-rise apartments and Moonsoo Street with 10-12-15-18-story apartments comprising 7,000 units (Lee, 2000).¹⁸¹ In the mid 1980s, the second stage of development of Kyungheung Street and Changgwang Sreet was launched with both streets expanding vertically with over 40-story high-rise apartment blocks. Toward the end of the 1980s, with the preparation for the upcoming <13th World Festival of Youth and Students>, many residential and hotel developments took place on Gwangbok Street (10 high-rise apartment blocks of 5,000 units as the event dormitory) and Cheungchoon Street (hotels).

④ Fourth period (1990~1999)

The fourth period (1990~1999) was a period of relative lethargy with new housing construction due to the economic hardships caused by the minus growth. The housing supply reached 11~15% of its planned volume. Except for Pyongyang, the control of the rest of the country started to become more uncontrollable and there appeared manifesting signs of the disintegration of socialist housing policy, including self-built housing, illegal housing transactions and etc. The ambitious urban development drive in Pyongyang that had continued from the 1980s was also hit by the economic depression, and the state had to “prioritize” its development policies by shifting its focus from large-scale cultural and ideological constructions to the more pressing issues of housing construction. As a result, the housing sector development has been somewhat less affected than other sectors, with extensive developments occurring as part of the continuing 1980s development moves in the new built-up area south of Daedong River (i.e. Moonsoo Street and Tongil Street) as well as in areas outside of the previous central locations north of Daedong River (i.e. Gwangbok Street). On a move toward solving the housing crisis, the state has invested heavily on Gwangbok Street (100,000 units) and in Nakrang Precinct and Tongil Street (30,000 units) (Meuser, 2012).¹⁸²

¹⁷⁹ 필립웨제아 외 『이제는 평양건축』 (담디, 2012). p. 118

¹⁸⁰ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 144

¹⁸¹ 이왕기 – 사회주의 모범도시를 향한 평양의 도시계획과 개발

¹⁸² 필립웨제아 외 『이제는 평양건축』 (담디, 2012). p. 104

⑤ Fifth period (1999~)

The fifth period (1999~) can be analyzed from 1999 onward, when the housing policy has been gradually reoriented toward the market economy system and one of the changes was that the state withdrew from covering the housing rental fee and made residents pay it directly.¹⁸³ Between 1999 and early 2002, the housing policy focused on housing improvements and repairs, urban aesthetic upgrading, road maintenance, and amenities expansion rather than new construction. But after July 2002, the 21st century-type urban construction movement was initiated by Pyongyang Municipal Bureau of Construction Planning (평양시 건설지도국) with the aim of modernizing Pyongyang. The building momentum gathered pace leading toward 2012, the year marking the 100th anniversary of the birth of Kim Il Sung and propagated as the First Year of the Strong and Prosperous Nation (강성대국 원년). Various local customized developments took place, including the large-scale high-rise apartment constructions on the Changjun Street of Mansoodae Precinct (completed in June 2012), shopping center developments in Mankyungdae Precinct, and urban park construction in Daesung Precinct.¹⁸⁴ There has been special emphasis on the aesthetic upgrading of the East Pyongyang, which has been historically neglected and dilapidated, with the overall objective of enhancing Pyongyang's visual effects as a whole as a grandiose and extravagant socialist capital city.

d) Spatial Strategy: Social Condenser & Microdistrict

Socialist Architecture and Social Condenser

In state socialism, architecture was to perform the role of a “social condenser”: borrowing the term from physics where the “condenser” is a mechanism that changes the state of an element (i.e. from liquid to solid matter), the “social condenser” refers to an instrument that would transform a capitalist mankind to a socialist mankind through the architectural space (Meuser, 2012).¹⁸⁵ This concept was developed by Moisei Yakovlevich Ginzburg, a Soviet constructivist architect, who advanced the idea that “by a detailed research and consideration of political and social environment, the work (of Soviet architects) should strive for the fundamental goal of creating a *social condenser*. And this is the essential objective of architectural constructivism.”

The concept was a core construct of urbanism and architecture that responded to the paradigmatic tasks of post-revolutionary architects of socialist revolutionizing of society. Architecture was to perform the role of resolving the structural dilemmas of the previous feudal society while at the same time realizing the indispensable cultural and lifestyle revolutions for landing the larger socialist revolution. In this case, the social condenser was

¹⁸³ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 145

¹⁸⁴ 김환석, 2010 『북한사회의 대표적 양극화 현상으로서 평양과 지방격차 현황 및 원인』

¹⁸⁵ 필립웨제아 외 『이제는 평양건축』 (담디, 2012). p. 96

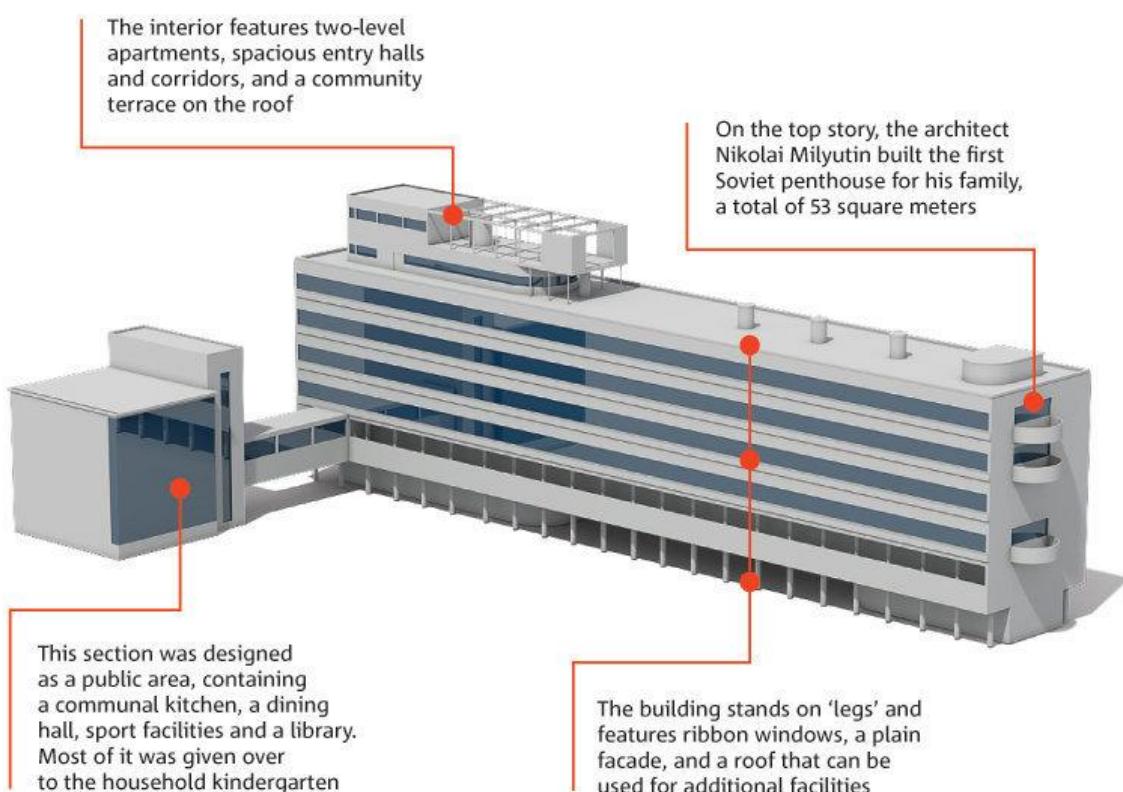
meant going beyond the scope of individual buildings to encompass collective complex facilities and the city (essentially having a physically deterministic urban view). The concept of social condenser was later applied to various architectural and urban planning schemes and it was expected to remould the social consciousness of the masses in order to adapt them to the new norms and lifestyles of socialist society

One of the most vivid examples of the application of the social condenser concept is in the residential complex planning. As according to the concept's core ideas, it introduced communal housing, daycare facilities, and communal cafeteria for the purpose of disintegrating individualism and the traditional concept of family. This residential concept was originally proposed by Robert Owen in the late 19th century as part of the utopian plan of the Ideal City. In his radical idealism, the concept of a dwelling facility and community would be radically realtered where every residential function would be communalized except for the bed. In state socialism, the architects and urban planners sought to materialize this conceptual idealism.

The Narkomfin House

Architects: MOISEI GINZBURG and IGNATY MILINIS

Was constructed in 1930 for employees of the People's Commissariat of Finance.
The house is a monument of Soviet constructivism.



In communal apartment buildings, people would be freed from individual household work and spend most of their leisure time in public spaces

(Source: Google. An example of Soviet Constructivist Architecture.

Narkomfin House by Mosei Ginzburg and Ignaty Milinis, 1930)

Microdistrict (Mikrorayon)

Characteristics

North Korea has selected microdistrict (mikrorayon – 주택소구역) as the basic unit of residential construction and development within the city.¹⁸⁶ Microdistricts are the smallest residential unit of socialist space, a self-sufficient unit of communal residential life, including residence, communal cooking area, leisure area, educational, daycare, and medical facilities. The basis of communal living is the microdistrict, not the family.

The spatial hierarchy of a socialist city is divided into four administrative units – the urban zone, urban district (100,000~300,000 people), residential district (30,000~50,000 people with a 1,000~1,200meter radius), and microdistrict (10,000~12,000 people with a 150~200 meter radius). Within each microdistrict, four to five residential compounds each housing between 1,000 to 1,500 residents or 2,000 to 2,500 residents are planned centered around service nuclei.¹⁸⁷ In the large and medium sized cities, the urban residential unit is organized along residential districts (주택구역) and microdistricts (주택소구역), and in the smaller cities of towns (읍) and workers' boroughs (노동자구), it is organized along the microdistrict concept.¹⁸⁸

In socialist urban planning, the objective of residential development is to organize a convenient and new living quarters for the workers and in order to achieve economies of scale in the construction and management, large-scale construction is required by way of developing the block into an enlarged form. The residential planning should keep in mind the number of residents and their living-radius. There is a high level of public space with production zones and low levels of roads inside the microdistrict. The “self-reliant” aspect of residential planning of microdistrict has endowed it with light-industry production capacities, including various everyday-life functions, such as daycare, rationing office, cafeteria, laundry facilities, etc, which are managed by the SOEs.

¹⁸⁶ Koland, 공보처 발간, 「북한의 오늘⑦」, 2000

¹⁸⁷ Koland, 공보처 발간, 「북한의 오늘⑦」, 2000

¹⁸⁸ 박순성 「1950~60년대 북한의 사회주의 공간정책과 생활세계」



(Source: 평양, 그리고 평양 이후. P. 226. An aerial view of a microdistrict in Pyongyang)

The planning principles of microdistricts in North Korea are: first, it should be planned conveniently for the resident's lives embodying socialist ideals; second, it should be planned most economically in construction and management; and third, it should be planned in a human scale and elegantly. (Koland, 공보처 발간, 「북한의 오늘⑦」, 2000). The living zone unit of North Korean dwelling home microdistrict is divided into three parts: the basic service unit (초급봉사단위), microdistrict service unit (소구역봉사단위), and district service unit (구역봉사단위)¹⁸⁹ Each service unit caters to the different life needs of the residents determined by the frequency of use. In the basic service unit, everyday household items and services are provided where as in the district service unit, industrial goods and other less frequently used services (i.e. tailor shop) are provided. The basic service unit and the microdistrict service unit provide about 85% of the everyday food supplies whereas the district service unit provides 70 to 80% of industrial goods. A point noteworthy here is that only a small part of the microdistrict unit of service facilities are located along the street while most of the service facilities at the microdistrict and basic service unit are located on the ground floor of the building so as to transpire a multipurpose building form.¹⁹⁰

History

In the 1950s, single layer dwelling homes, due to its small lot size, was considered to be uneconomical and costly in terms of construction and management costs of infrastructure, ill-suited to organizing a well equipped living unit, prone to traffic congestions, and limiting to

¹⁸⁹ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 35

¹⁹⁰ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 35

the architectural formation. As a result, in order to organize a more economic and convenient living unit in residential construction and management, it was necessary to apply a larger scale development plan of dwelling home microdistrict.¹⁹¹ Until 1956, the state provided housing oriented to the single layer dwelling homes (소층살림집) as the basis of block organizing principle, but with the move toward multilayer dwelling home construction (다층 살림집 건설), the microdistrict block organizing method was implemented. In the 1960s, the North Korean government introduced a concept of “dwelling home microdistrict (살림집소 구역)” with the purpose of minimizing the intraurban travel and establishing a self-serving and self-reliant life zone.¹⁹² From then on this scheme would become the paragon of collective residential complex planning.¹⁹³

In 1957, the first construction of collective residential buildings was carried, with the adoption of apartment complex encompassing daycare facilities, kindergartens, communal bath areas, shops, and other amenities. One of the prime objectives of the collective building scheme was the liberation of women from the feudal shackles and alienation of household domesticities which were thought to be antimodern and gender-discriminating. Such was the explicit reason for the adoption of communal facilities of caring for the daycare and other collective consumption functions. The location of facilities and organization of everyday life systems are structured around and within the walkable boundaries in the microdistrict. In relations to this, two major initiatives were implemented in the mid to late 1960s: first of all, on the lower floors of the buildings, reading rooms, children's libraries, and other amenities for ideological education were created; and secondly, also on the lower floors and sometimes independently, light industry factories were located. This allocation of production facilities within microdistricts were implemented across many cities, including Pyongyang, Hamheung, and Cheungjin.¹⁹⁴ The reason for such move was that by allocating light industry factories within the compounds, the commute to work is made more convenient and such “excess street efforts” can be reoriented toward the production activities. As a result of these two measures, the North Korean government has proclaimed “*the dwelling-house-districts (살림 집지구) and dwelling-house-microdistricts (살림집소구역) have been transformed into not only a place where the people enjoy a happy material and cultural life as well as practice their ideological and educational cultivation, but also a site of ongoing labor and production*”¹⁹⁵

Microdistrict in Pyongyang

¹⁹¹ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 34

¹⁹² 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 34

¹⁹³ 필립웨제아 외 『이제는 평양건축』 (담디, 2012). P. 104

¹⁹⁴ 박순성 「1950~60년대 북한의 사회주의 공간정책과 생활세계」 2006.

¹⁹⁵ 박순성 「1950~60년대 북한의 사회주의 공간정책과 생활세계」 2006. (리화선, <조선건축사> 3권 (서울. 발언, 1993) 42쪽).

And although this basic unit of residential compound is established, it is said that such standard is not strictly enforced in Pyongyang as opposed to the medium and small sized cities in the regional areas.¹⁹⁶ In Pyongyang, because of its special status as a capital city, the residential developments are planned and carried out on a more *ad hoc basis* following the dictates of the Party's policy decisions. In many aspects of urban development, including housing, the special privilege and status of Pyongyang override all other concerns of "scientific and rational" socialist planning principles, thereby being materialized into preferential and irregular investments. The size of Pyongyang's microdistrict is between 15~20 hectares and housing between 5,000 and 6,000 residents, equivalent to about half the size of a single town (dong) of Seoul at the time of 1997 (Lee Hyun Soo, 2004). According to Lim Dong Woo, the concentrated pockets of microdistricts in Pyongyang are located in areas east of Kim Il Sung Square across the Daedong River. This area has been developed in the 1960s according to the 1953 master-plan, composed of maxi-grids (250m X 250m) covering Saesallim Street, Tapje Street, and Samwon Street. In this area, residential buildings of 10 to 15 stories cover the exterior wall of a block with the interior space being dedicated to productive and public facilities.¹⁹⁷

The top-down initiated spatial restructuring via microdistrict schema was as a social engineering project through which the discourse of power and enforced production have been penetrated into even the most basic and private life spaces of the people. In line with the state-propagated ideology of "self-reliant rehabilitation (자력갱생)", part of the larger Juche ideology, the microdistricts (주택소구역) in North Korea display tendencies of collectivity, exclusivity, and self-reliance more markedly than any other socialist variations (Kim, 2002 – 김현수). Housing and its attending sphere of privacy have been distorted by the power and logic of "public" domination with practically no space for individual intimacy. Microdistrict thus serves to valorize and validate the micro spatial structures of production and domination projected by the regime as well as the everyday life politics and survival of the masses. Thus it is the spatial unit of assessing the extent of the power's intrusion and well as the quality of basic welfare.¹⁹⁸

Future of Microdistrict

The coexistence of productive and residential functions in a microdistrict is likely to be reconfigured under a new system of market economy and its resulting changes in social and spatial relations. The productive functions such as the light-industry factories will be relocated to other areas outside of the microdistrict, following the logic of larger flows of capital and investment. Its spatial expression will represent the economic-structural turn from "local self-reliant survival" to "global outsourcing of production and investment"; thus the change of function is inevitable. Lim Dong Woo proposed that the future of microdistricts in

¹⁹⁶ 이왕기 「사회주의 모범도시를 향한 평양의 도시계획과 개발」 2000.

¹⁹⁷ 임동우 『평양 그리고 평양 이후』 (효형출판, 2011). P. 158

¹⁹⁸ 박순성 「1950~60년대 북한의 사회주의 공간정책과 생활세계」 2006.

Pyongyang is likely to follow the path of “gentrification” as opposed to “neighborhood degeneration” due to its locational advantage of being near the city center; its environmental advantage of having green spaces in the vicinity; and its well endowed infrastructural advantages.¹⁹⁹

With respect to the functional change under system transition or economic restructuring, the key decisive factor is the landownership. The entire block of a microdistrict exists on a single nationalized landownership by the state. There is no subdivision of land by lot for landownership. This poses the likelihood of the entire block being developed under a single development project. It has been commonly practiced in China as well as in Korea (where still to this day the ownership of space (property) is allowed yet no individual ownership of land) on a massive scale. Lim proposes that the way to turn this anti-regenerative and unsustainable method of block-based urban regeneration (i.e. the excessive redevelopment with under-subdivision of land by lot) into incremental and specialized approach is to carry out subdivision of land by lot.²⁰⁰ As the ownership of space (and property) will be allowed even in the absence of landownership, the functional subdivision of what once was a unitary-nationalized block will carry with it the individualized ownership rights of different spaces for different functions (dwelling unit, working space, kitchen, welfare, etc). This task is something that must precede any redevelopment schemes; otherwise the vicious cycle of large-scale one-block-one-lot redevelopment will not cease to exist. Under this context, the productive functions within a microdistrict block will be replaced by commercial functions without destroying the “integrative integrity” of a microdistrict, following the logic of the *re-revolutionizing* of space back from the “city of production” to the “city of consumption”.

3. Pyongyang: Spatiality, Historicity and Sociality

a) Spatiality: Urban Spatial Structure and Residential Areas of Pyongyang

Pyongyang is located on the Taedong River and it is administered as a directly governed city (*chikhalsi*), on the same level as provincial governments, not a special city (*teukbyeolsi*) as Seoul is in South Korea. The urban spatial structure of Pyongyang is divided into three large areas of Central Urban Zone, Semi-Urban Zone, and Satellite Urban Zone, and is largely divided into Central Pyongyang, East Pyongyang, and West Pyongyang. The Central Urban Zone is an administrative, political and cultural center, home to various domestic and foreign administrative institutions. The Semi-Urban Zone is home to various residential areas and is developed as a supply area of essential commodity goods and light industry factories. The Satellite Urban Zone is an area for developing heavy industries and farms and ranches. Pyongyang is divided into 18 wards (*ku* or *guyok*) (*the city proper*) and 2 counties (*kun* or *gun*). Foreign media reports in 2010 stated that Kangnam-gu, Chunghwa-gu, Sangwon-gu, and Sungho-guyok had been transferred to the administration of neighboring North Hwanghae province.

¹⁹⁹ 임동우 『평양 그리고 평양 이후』 (효령출판, 2011). P. 229

²⁰⁰ 임동우 『평양 그리고 평양 이후』 (효령출판, 2011). P. 232

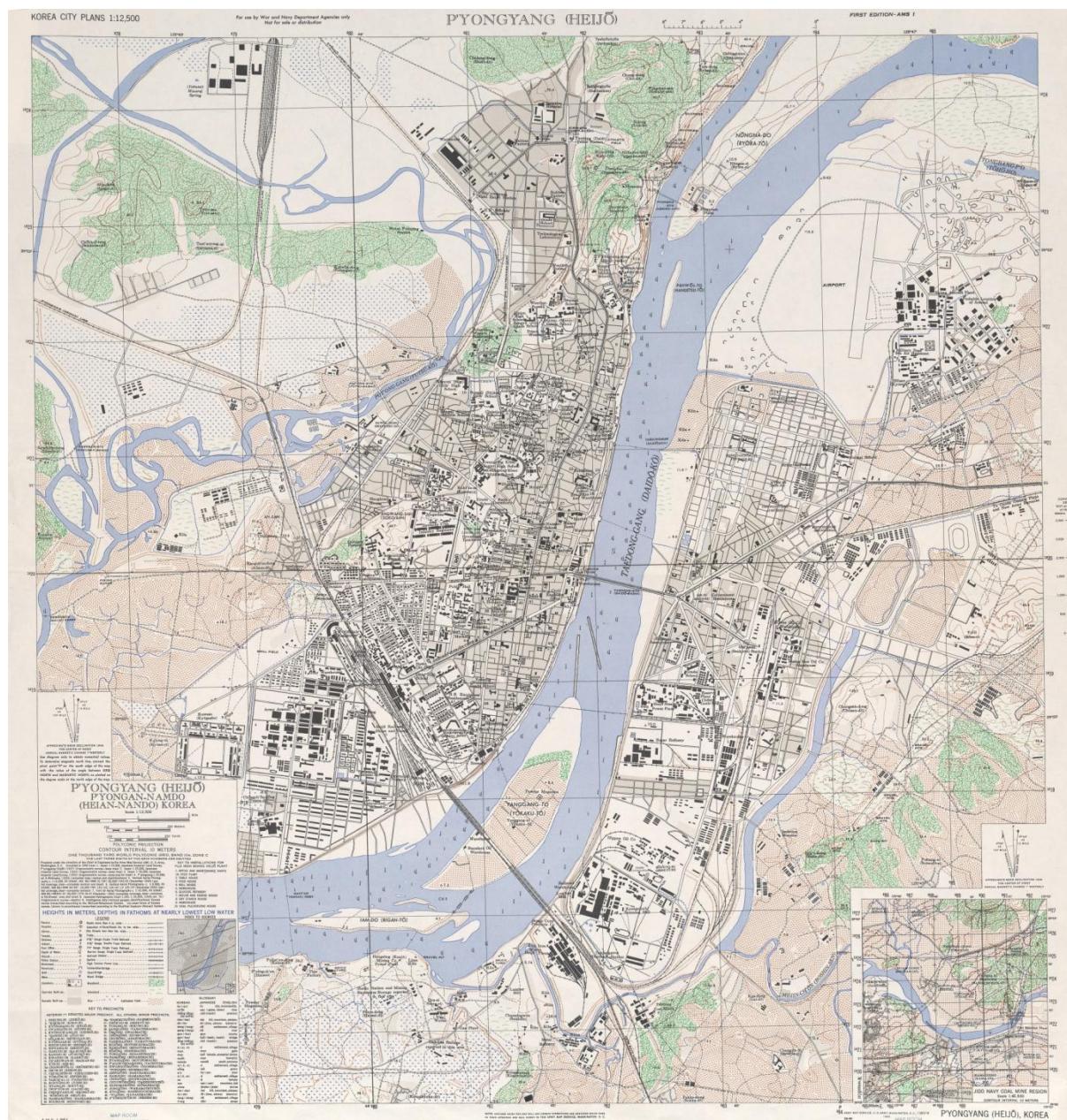
- Chung-guyok (중구역; 中區域)
- Pyongchon-guyok (평천구역; 平川區域)
- Potonggang-guyok(보통강구역; 普通江區域)
- Moranbong-guyok(모란봉구역; 牡丹峰區域)
- Sōsōng-guyōk (서성구역; 西城區域)
- Songyo-guyok (선교구역; 船橋區域)
- Tongdaewōn-guyōk(동대원구역; 東大院區域)
- Taedonggang-guyōk(대동강구역; 大同江區域)
- Sadong-guyōk (사동구역; 寺洞區域)
- Taesong-guyok (대성구역; 大城區域)
- Mangyongdae-guyok(만경대구역; 萬景台區域)
- Hyongjesan-guyok(형제산구역; 兄弟山區域)
- Ryongsong-guyok (룡성구역; 龍城區域)
- Samsok-guyok (삼석구역; 三石區域)
- Ryokpo-guyok (력포구역; 力浦區域)
- Rakrang-guyok (락랑구역; 樂浪區域)
- Sunan-guyōk (순안구역; 順安區域)
- Unjong-guyok (은정구역; 恩情區域)
- Kangdong County (강동군; 江東郡)

The urban planning principles applied to Pyongyang were to develop it as a socialist international city, cultural city and revolutionary city. In order to achieve the socialist urban planning principles, initially the North Korean central state attempt to reduce the discrepancy between the urban and rural areas, slow the growth rate of large urban areas, and plan a self-sufficient spatial unit. The basic direction of urban development was the pavement and maintenance of street through street widening, the construction of large scale apartment complexes along the streets, the construction of large scale cultural-ideological amenities; the construction of nationalist architecture, and the construction of convenient facilities for foreign tourists.

One of the characteristics of socialist urban planning is the significant parts of urban tracts designated for residential functions in the city center. The very core of the city center is usually reserved for a monumental square for various state functions such as military parades, national celebratory holidays, and mass public assemblies, and the surrounding areas are organized with administrative institutions, cultural and life amenities, and collective residential districts.²⁰¹ Given the spatial significance of the central area, being valued

²⁰¹ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 138

politically as opposed to *economically* (as in a capitalist city), it is not farfetched to hypothesize that the central locations of residence would be the prime dwelling sites of the powerful (and the rich) in Pyongyang. In addition to the mass stock of collective apartments in the city center organized along the microdistrict plan, there are many gated villas, luxury estates, super-high-rise condominiums and palatial homes owned by the political elites and SOE executives.²⁰²



(Source: Google. Pyongyang in 1946)

²⁰² 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 138

It must be noted the spatial composition of Pyongyang is to be understood in terms of street units as opposed to area units, which is different from Seoul or other cities in South Korea.²⁰³ High-rise apartment buildings are lined along the arterial roads. The chief functions of the roadside buildings are for residential and public office uses (as opposed to commercial, financial, and other third-sector uses in capitalist cities). Particularly in the urban downtown redevelopment schemes in Pyongyang after the 1970s, the construction of high-rise residential architecture served to be an opportunity for the apartments to dominate the urban landscape. It is estimated that over 80% of housing in Pyongyang is constructed along both sides of roads as opposed to following the microdistrict schema.²⁰⁴

One of the principle reasons for such street-oriented development of the city is that the socialist regime sought, via the creation of strong axis, a powerful visible effect of monumentality, progress, and absolutism leading to the city center which would embody the convergence of the regime's power. The apartment blocks along the streets represent the progressive ideals of socialist life, by being high-rise, modern, economic, and "creative". The axis serves as a vital element of connecting the city's architectural landscapes and models, eventually culminating in the ideological symbolism of socialism through the various ideological statues and sites. Thus the axis and the street itself become continual urban platform of ideological education and glorification. The building forms have been intentionally diversified in order to avoid the monotonous simplicity of a rectangular box shape. In Pyongyang's Chollima Street, Rakwon Street, Changgwang Street, and Kyungheung Street, high-rise apartments of over 15 to 40 stories were constructed in various orientations and shapes, such as the T-shape, 人-shape, sawblade-type, etc.²⁰⁵

<Chart> Information on The Housing Construction Volume in Pyongyang from the 1980s onward

Construction Title	Period	Volume	Construction Title	Period	Volume
Moonsoo Street	1981~1983	17,000 units	Gwangbok Street	1985~1989	20,000 units
Changgwang Street 2 nd Stage	1984	2,400 units	Ansangtaek Street	1985~1989	units
Budnamu Street	1984	1,000 units	Gwangbok Street 2 nd Stage	1990~1992	30,000 units
Chollima Street 2 nd Stage	1984~1987	4,000 units	Tongil Street	1990~1992	20,000 units
Booksae Street	1984~1987	units	Tongil Street	1992~1993	30,000 units

이왕기 「사회주의 모범도시를 향한 평양의 도시계획과 개발」 2000.

²⁰³ 이왕기 「사회주의 모범도시를 향한 평양의 도시계획과 개발」 2000.

²⁰⁴ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 143

²⁰⁵ 대한토목학회 편저 『북한의 도시 및 지역개발』 (보성각, 2009). P. 35

In terms of housing developments, apartment buildings take up 35.2% of the entire housing stock, significantly higher than any other regions in North Korea.²⁰⁶ Because single detached homes and townhouses (row houses) are relatively dilapidated, apartment is considered the most superior type of residence in North Korea. This means the state of housing stock of Pyongyang is in a better (and in many aspects the best) condition compared to the rest of the country. In terms of water supply, Pyongyang also ranks at the top at 93.3% as compared to the rest of the country at 85% and urban areas at 89.5% according to 2008 data.²⁰⁷ In terms of housing heating, Pyongyang stands out exceptionally above all other areas in the country, with the ratio of central and local heating supply at 32.2% of the urban housing stock whereas it is nearly zero outside of Pyongyang. All other areas in North Korea rely heating on coal and wood.

b) History of Housing Developments in Pyongyang

As Pyongyang was developed according to the principles of socialist urban planning, its housing question can be subsumed under the broad category of socialist city and its housing policies, construction mechanisms, and redistributive politics. In a particular context of “*capital planning*” and “*Juche Ideology*”, the housing question is more of a *political* problem than an *apolitical*, economic problem. Housing construction has been an area with the highest level of state investment in the non-productive sector.²⁰⁸ It has received considerable state support even coming on top of other productive construction spheres aside from the basic heavy industrial production sector which received the highest priority. After the Korean War, a state in which 70 to 80% of the urban fabric had been destroyed, solving the housing problem as part of the larger national postwar reconstruction efforts was of central concern to the embryonic state, whose success or failure was directly linked to the regime’s legitimacy. Housing construction was a realm of nonproductive built environment capable of most dramatically demonstrating the improvement of welfare.

The standardization and mass production of housing began in 1956, with the introduction of prefabricated panel-type apartment which offered benefits of saving labor, construction materials, and speed of construction.²⁰⁹ The saved construction materials were then transferred to other industrial construction spheres. The popular expression, “*Pyongyang Speed*”, was coined from this time, when it was reported that a single unit was constructed for every 14 minutes. However, such speedy and “efficient” construction was not “effective”, leading to poor quality of the built flats. There were reported problems of falling walls, tumbling rooftop of railway government office buildings, and school buildings and apartments collapsing under heavy rain. Such disastrous results were the consequences of “jerry-building (날림식 공사)” at “*Pyongyang Speed*”. The root cause of the jerry-building approach was to save construction materials for scraping up investment resources in the productive construction spheres, being combined with “self-reliant survival strategy (자력갱생)”.

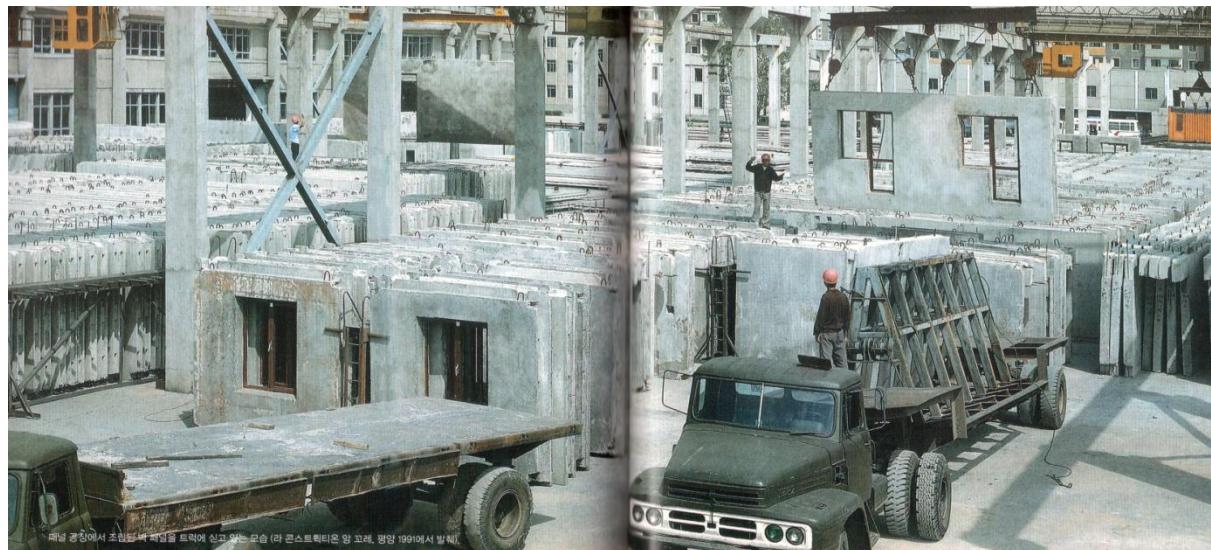
²⁰⁶ 조동호 외 『평양이 서울에게, 서울이 평양에게』 (EAI 동아시아연구원, 2013). P. 55

²⁰⁷ 조동호 외 『평양이 서울에게, 서울이 평양에게』 (EAI 동아시아연구원, 2013). P. 56

²⁰⁸ 박순성 「1950~60년대 북한의 사회주의 공간정책과 생활세계」 2006.

²⁰⁹ 박순성 「1950~60년대 북한의 사회주의 공간정책과 생활세계」 2006.

생)” and “Pyongyang Speed”. Despite the regime’s professed goal of “standardization of design, industrialization of construction materials, and mechanization of construction,” such an approach was doomed to fail from the beginning, being based on the sacrifice of quality for quantity, in which the basic threshold of construction quality and safety was compromised



(Source: 이제는 평양 건축 p. 210. Prefabricated Units of Housing Panel being shipped)

The steady increase of urban population flowing into Pyongyang as part of the urbanization process forced the regime to adopt a mass scale residential complex construction schemes. In the 1940s, Pyongyang’s population stood at 280,000 whereas in the 1990s it reached 3.3 million (before the administrative reduction of 500,000 residents in 2010). In the 1960s, it showed an annual urbanization rate of 16%, an incredible figure for a socialist city.²¹⁰ As a consequence, the harmonious rate of combination of residential and productive facilities to be realized in a microdistrict, as propounded by the socialist urban planning principles, could not be achieved. This forced the abandonment of microdistrict-oriented development scheme and the adoption of large-scale super-high-rise apartments, which not only broke the balance between residential and productive facilities, but also the size limit on the residential complex. And finally, this led to the irregular pattern of residential areas location, which tended to concentrate in the planned areas of green infrastructures (i.e. park) in the 1953 masterplan as a result of it being the state’s planning blind spot.²¹¹

Toward the end of the 1990s, North Korea was facing a severe economic crisis as a result of multiple internal and external sources. The housing situation has been severely affected with significant shortages in construction and provision and poor residential environment, thus the socialistic character of housing policy is fading and turning into a realm of political dogmatism. According to the NK report in 2000 on North Korea’s housing situation, the

²¹⁰ 임동우 『평양 그리고 평양 이후』 (효령출판, 2011). P. 141

²¹¹ 임동우 『평양 그리고 평양 이후』 (효령출판, 2011). P. 158

housing shortage problem in North Korea is severe, even in the capital city of Pyongyang. In Pyongyang, there are many people cohabiting under the same roof. Such “cohabiting” does not refer to a couple living together in a single house, but two households living together. Because of the lack of housing construction and housing supply, even the privileged couples living in Pyongyang cannot expect to be allocated a new home with a single room and a kitchen until 2 to 3 years after their marriage. It is said that there are young couples who have not been allocated their own home for over 10 years after their marriage, during which time they had to live separately with their parents. People do not mind cohabiting with another household because doing so gives them a better position in housing allocation. Commonly if there is a home with three rooms but with small family members, then the household is “implicitly” advised to take in a new family into their home. This usually happens among the coworkers in the same workplace. Although it is not legally enforced, such “normative” pervasiveness of practice is hard to refuse, which otherwise might lead to ostracism or ideological criticism.²¹² Despite the nonexistence of homeownership rights, because once a home is allocated it usually becomes one’s property for life, it is said that the level of care and affection North Korean residents attach to their home is considerable (Chosun Daily). In spite of the prohibitions on the sale and purchase of homes, with the advent of housing crisis in the mid 1980s, illegal transactions of home trading have been reportedly rising in the black market. As an example, on the newly constructed apartment complexes on Gwangbok Street originally for the workers, wealthy Korean-Japanese residents and party executives have been reported to exchange homes with gifts and foreign currencies through the back dealings with the urban administration executives. As a result, a few years later on, the actual number of workers allocated in the new flats has dramatically fallen. In Pyongyang, it is reported that purchasing a room is possible for around 400 U.S. dollars and an apartment unit with a living room for around 1,500 dollars.²¹³



(Source: Google)

²¹² NK report, 북한의 주택상황 2000/12

²¹³ Chosun Daily: http://news.chosun.com/site/data/html_dir/2009/12/21/2009122100050.html

Mansoodae Street is located in the central part of Pyongyang (중구역) and encompasses areas near the Mansoodae Parliamentary Building (만수대의사당). According to chosun.com, Kim Jong Il and his regime had planned to construct 100,000 new units of apartment on Mansoodae Street as part of the redevelopment and modernization initiative for the capital city. It is referred to as the North Korean version of South Korea's "Newtown Project". Many experts had speculated the move as a practical and popular strategy of mass politics for establishing the legitimacy of the next heir in line, Kim Jong Un. Until July 2008, the area was home to 600 units of dilapidated apartment complexes of less than five-story buildings. The previous residents were comprised of workers, scientists, artists and intellectuals. It had been transformed into a modern residential district of 800 units of new apartments between 6 and 18 stories. The floor area of each unit has been extended by over 100m² (roughly 30 pyung). Kim Jong Il had praised the effort as the "state of the art modern dwelling house (살림집) embodying the vision and intention of the Party".²¹⁴

c) Sociality: Pyongyang Residents

The exact statistical data on the social composition of Pyongyang residents and their spatial categorization is unavailable to the public. However, we know that the demographic population of Pyongyang is aggregated at 2.5 million people as of 2011, about one-tenth of the population of North Korea at 24 million.²¹⁵ In February 2010, North Korea undertook an urban administrative reform to reduce 40% of land mass of Pyongyang and rid 500,000 residents from the entitlements of Pyongyang's capital urban services. Gangnam County was reincorporated into the administrative boundary of Pyongyang, and although the exact motif behind the urban administrative reform is unclear, the fact that Gangnam County has been a major agricultural production area of Pyongyang indicates that it might have had to do with supplying stable food sources to the capital city.²¹⁶

It must be noted that being a Pyongyanger is a great privilege in North Korea. The Pyongyangers who live in the "Heart of the Revolution" are subject to various special treatments and privileges which the rest of the people are systematically excluded from. The fact that the proportion of North Korean defectors to South Korea from Pyongyang counts at only 2% out of the total number of North Korean defectors while the population of Pyongyang stands at 13% of the national total testifies as a sign of Pyongyang's relative stability and superiority, although it cannot be ascertained if other factors such as administrative control and distance to the border may have contributed to the low figure. As another example, if you have a Pyongyang Citizen Card, you can travel to the rest of the

²¹⁴ http://news.chosun.com/site/data/html_dir/2009/12/21/2009122100050.html

²¹⁵ 김환석 「북한사회의 대표적 양극화 현상으로서 평양과 지방격차 현황 및 원인」 2010.

²¹⁶ 김환석 「북한사회의 대표적 양극화 현상으로서 평양과 지방격차 현황 및 원인」 2010.

neighboring regions without other identifications but the reverse is true for the rest of the population – they need a “Special Travel Permit.”²¹⁷

Out of this 2.5 million, about 500,000 residents are considered to be of the “core class” of the socialist government of North Korea, taking up various key positions in the party, politics, and military. These nomenklaturas living in spatially segregated clusters of luxury homes are a “destined community” loyal to the royal Kim family and the last bastion of the regime. They have for the last 60 years grown collectively as a *new class*, by proving their loyalty to the Kim family and deriving all the privileges from the regime. The internal solidarity (i.e. the *bonding* social capital) of this group is considered to be very high, as shown in the arranged marriages between the core families.²¹⁸ From the point of view of the Kim family, they seem to have learned the grave lesson of revolutionary history, in which virtually all anti-socialist uprisings and the resulting overthrow of the ancien régime have taken place in the large urban areas or capital cities (with Ceaușescu’s bloody end being the most portent admonition). To this end, sustaining the loyalty of the political elites and the military are of vital imperative of the life of the regime, and they have been successfully doing it through their “select and concentration strategy” as spatially manifest investment and development in Pyongyang.

²¹⁷ 조동호 외 『평양이 서울에게, 서울이 평양에게』 (EAI 동아시아연구원, 2013). P. 60

²¹⁸ 김환석 「북한사회의 대표적 양극화 현상으로서 평양과 지방격차 현황 및 원인」 2010.

V. Conclusion

1. Afterword: A Race *Back to the Future* for Postsocialist Cities

National space constitutes a cross section of material and social relationships whilst at the same time being an expression of political ideology and state control (Paasi, 2003).²¹⁹ During socialist times, *space* (and the residential space) was subordinate to the larger imperatives and exigencies of the state, with society being subordinated under the preordained physical structures. With the passing of free-market economy, the same spatial oppression of society by larger structures is unfolding – via *the production of space* – by the agenda of post-industrialization, neoliberalization, and globalization, and the onslaught of time-space compression, economic monopolization, and social polarization. At the same time, space also holds the key to solving the very problem conditioned by spatial conquests for power:

Urban form has been often described in social theory as a passive element of our social existence, a mirror reflecting past and present socioeconomic conditions, or a “text” serving as a basis for their interpretation. Without leaning too far into the opposite end defined by spatial determinism (of which both modernist and socialist city planners have been rightfully accused of), it could be said that the postsocialist transition period provided good evidence that urban space utilization is an active element of structuring social relations. The particular way in which urban space is organized has a strong impact not only on issues related to resource allocation and quality of life, but it is a key element for the economic wellbeing of cities as well (Stanilov, 2007).

The seeds of postsocialist urban transformations have been planted in the resentment and frustration of the people during the period of economic stagnation in late socialism. Later its first spouts have sprung into action in the grassroots movements of the early transition period. And after twenty years of transition, contingent upon the particular location, quality and type of soil from which these vital energies have shot forth into life, a full mature blossoming of these flowers has yet to be witnessed. On the contrary, many (accurately most) of the postsocialist urban plots have seen highly differentiated mosaic of growths, with some overly strong and healthy and others critically ill and in need of service and care.

The path of transition journeyed by the postsocialist cities has been subject to various cross-former-iron-curtain political, economic and social legacies. Locally these legacies have combined with elements of old as well as new place-specific histories, economies and cultures to produce a rarely unique and hybrid form of spatiotemporalities. Thus the postsocialist city may be viewed as the outcome of a fought struggle between the socialist

²¹⁹ Dawidson, Karin, “Geographic Impacts of the Political: Dealing with Nationalized Housing in Romania”, *Political Geography*, 2005:

legacy and capitalist future just in the same manner as the violently fought struggle between the feudal legacy and socialist transition decades earlier: the product is an urban mélange produced by double transitions.

Indeed, the paradigmatic change experienced by Eastern Europe and China over the last 70 years was societal engineering shouldered twice by the people at the heart of which lied the transformation of property rights mechanism. After merely 30 to 40 years of societal experimentation, the fast-forwarding moves of nationalization of assets and properties swept across the international, continental, national and regional spaces were only to be reversed in a hastily rewinding manner by “*racing back to the future*”.

Human agency and social norms can reinforce the existing regulatory framework, but can also equally break it through the dynamic processes of *structuration* as argued by Giddens. Under the environment of transition, the zones of dispute and contestation are likely to intensify, essentially tied to the social contract of ownership. Thus the proper role and duty of urban planning may be to rescue the spaces of civil society between these two extremes of centralized planning and laissez-faire economy; however this time, rather than singlehandedly following the failed original socialist attempt at transforming the *base* (including the property relations), the transformation of the *superstructure* (with its culture, belief systems, institutions, political structures, etc) may reveal hitherto hidden powerful and enduring sources of social change. That may be the ultimate role of democratic planning. However, as theorized by Bent Flyvbjerg in his publication, *Rationality and Power: Democracy in Practice*, we need the *empowerment of democracy* to prevent the *overpowering* by the economy. As a top-down initiative, this may require an institutionalized buttressing of the formal state powers – with its full commitment to the values of democracy and justice and a ready administration of penalty – which are not threatened or manipulated by the powers of the capital. As a bottom-up approach, this will require a constant democratic politicization of the civil society.

2. Retrospect: Recapitulation of the Romanian and Chinese Experiences of Socialist and Postsocialist Housing Developments

The experience of postsocialist economic transition, urban transformation and housing reform has been widely different across the globe. While China has embarked on a gradualist incremental reform of its economy, Eastern Europe (particularly the Southern Eastern European (SEE) countries, including Romania) and the former Soviet Union have turned to quick privatization of all state assets. The communist unprotected personal ownership, overprotected public rental tenure, and the ironic “everyone’s property” were suddenly switched to *prior* private, public and collective terms in a context of legislative vacuum, weak or nonexistent institutions, a degree of political illegitimacy and adjusting socio-cultural attitudes (Dawisha & Parrot, 1997).²²⁰ Despite the economic urgency of transition, the

²²⁰ Soaita, Adriana Mihaela, “Strategies for In Situ Home Improvement in Romanian Large Housing Estates”, *Housing Studies*, 2012: p. 1010

experiences of postsocialist developments across diverse countries reveal a rather complex picture, with the intermingling of ideological, political, economic and institutional factors that have collectively driven the transitional trajectory. Particularly, with respect to the nature of the new government, the transformative powers of the transition have largely been subject to the upper echelons of the *ancien régime*.

The dominant discursive ideology around the late 1980s and early 1990s under the radical reordering of societies – in both the East and the West – was neoliberalism. Fundamentally it had to do with releasing decades of suppressed private and individual desires under state socialism which looked forward to the new times and the brave new world. The liberalizing aspects of neoliberalism – via the Western free-market economy – were widely heralded as a panacea to all the grievances and ills of state socialism which the liberated citizens had to endure for decades. It was thus presented as the only viable option for realizing individual aspirations and creative welfares toward *the End of History*.

The economic reform in Eastern European countries followed a different path from the Chinese one, fully incorporating the logic and ideology of neoliberalism which were fervently and singlehandedly adopted and pursued by the system-changing elites who saw no other options. Their highly ideological preoccupation with neoliberalism as an antithetical response to socialism meant, as in the words of Borocz, they had: “the task of proving themselves worthy of what they perceive as Western political ‘trust’ by transforming their post-comprador states into auctioneer agents instead of developmental states, putting the productive assets of their national economy – hitherto under the sign of the hammer-and-sickle – now under the hammer”.²²¹ In addition to the country-specific elements of the transition, the South Eastern European (SEE) region experienced political instability, internal and international conflicts, and dramatic migrations, which created unstable circumstances for the housing sector.

China on the other hand, has undertaken a series of reform measures to transform its socialist institutional organs to adapt it to the emerging global market economy. Instead of following the neoliberal path which most of the Eastern European countries took, the Chinese state gradually evolved its roles and responsibilities by administrative decentralization and devolution while never losing hold of its authoritarian control. The decentralization and devolution of discretionary powers were handed down to the local government and allowed them to manipulate the outcomes and manoeuvre the policies of its developments. It is interesting how the current entrepreneurial-corporate-type of local government has swiftly exploited and inherited the tradition of physical planning from the pre-reform era. Urban planning’s *raison d'être* in the pre-reform era was “materialization of economic plan” for the allocation of resources. Such planning objective adopted the approach of physical design and blueprint master plan in which the mechanism of development control was overlooked. Such legacy has been exploited in the new reform era by the entrepreneurial-corporate local government for pursuing its development projects whereby stated planning control objectives are often breached by political elites on an ad hoc basis for development pressures or political interests.

²²¹ Wu, Fulong. Xu, Jiang. Yeh, Anthony Gar-on. *Urban Development in Post-Reform China: State, Market and Space*. New York: Routledge, 2007. Print. p. 12

In the urban housing market of Eastern Europe, due to the excessive privatization of housing the remaining public sector has become a residual sector in many postsocialist cities. The growing marginalization of public rental sector and increasing housing maintenance and repair costs hit the low-income groups the hardest, particularly the young families, single-parent households and the elderly. Problems of deterioration, housing shortages and homeownership inequities have not disappeared from the market and become intensified along with the new phenomena of rent arrears, evictions, homelessness and a growing lack of affordable dwellings. The correlation between privatization and renovation has been generally low as a result of most of the households being unable to carry out comprehensive rehabilitation measures due to the lack of capital or insufficient state subsidies. After ten years of transition, it has become apparent that the rapid privatization has caused even greater social problems across the postsocialist urban space with the logic of polarization changed from *political* to *economic* line, from *inequity* to *inequality*.

In the Chinese urban housing market, the increasing marketization of the housing stock in China over the years has done more harm than good from a long-term perspective. The extensive privatization, capitalization and speculation of the housing stock have created a structural shortage of housing and a soaring housing price to unaffordable levels. It has intensified social polarization, segregation, and displacement. Strengthening regulation in the housing market and reestablishing social housing have been major challenges left to the Chinese municipal government. Combining the top-down (i.e. further institutional reform of the urban housing provision system) and bottom-up (i.e. encouraging community participation in urban renewal) approaches and balancing the social and economic interests are identified as key to solving the present dilemmatic situation in Beijing and other Chinese cities.

Bucharest was envisioned as a socialist jewel of urbanization that exemplified the achievements of the communist regime. The policy changes in the system of public housing development has been from microdistrict (socialist era) to mid-rise apartment (Ceausescu era: Systemization) to lethargic growth in housing sector (transition era). The changes in the early 1990s following the Revolution required reimagining of the city as a capitalist city. Urban planning was reinstated in the mid 1990s with significantly reduced capacities in which the planning profession itself was trapped between the interests of the developers and the interests of the public. Bucharest has become a city caught in the stranglehold of the alliance between opportunistic developers and incapacitated public administrators. Urban public space has become prey to speculative venture capital and unplanned suburban sprawl has become common place. There has been a residential clustering of different social strata in former public housing estates, with the central areas generally occupied by the wealthy and the powerful and the peripheral locations overtaken by the residential suburbanization of the lower income groups. The formation of underclass ghettos have partly overlapped with dilapidated socialist housing estates. There has been a professionalization of urban population with the decline of industrial workers and rise of white-collar workers, with the overall population of Bucharest shrinking by large out-migrations.

Beijing has also required a reimagining of its own, from a socialist capital and Maoist city to the heart of the nation and political, historical, and cultural center albeit under *gradualist evolution*. The policy changes in the system of public housing development has been from

work unit (socialist era) to work unit-micodistrict (transition era) to high-rise apartment (market economy). The role of urban planning in housing has *gradually* evolved from welfare provision to commodification and capitalization via the work unit. Its level of influence and power has not been reduced but the role and nature have been curiously transformed to become a market actor rather than a public servant. There has been a great population increase by the influx of *floating populations* and a construction boom facilitated by speculative investment. They led to the formation of migrant enclaves, emergence of gated communities, gentrification of inner city areas, the breakdown of work place-residence proximity in work unit and micodistrict, etc.

In both socialist Beijing and Bucharest, we see a deviation of development path throughout the years, from the early years with its original claim to an authoritarian type of socialism toward the later years of a totalitarian autarkic, autocratic, and unpredictable development. In Romania, it was the rural and urban *Systemization Plan* under Ceausescu which sought to transform the entire national space to spread the benefits of urbanism and reduce the difference between the countryside and the city. In China, it was the *Cultural Revolution* under Mao which greatly diminished, monotonized, and standardized housing construction along the ultra-leftist ideological lines. These trends coincide with the centralization of political power by the dictatorial leaders and their regimes. The question of socialist public housing was affected in the same manner as the path of political developments.

Under the economic reform and system transition, the reestablishment of the real estate market based on land rent has created rapid functional conversion of the inner city areas, from administrative-residential to administrative-commercial, in both cities. New corporate headquarters, financial institutions, commercial centers, hotels and restaurants, and cultural amenities have flooded the city centers of all postsocialist countries. Symbols of the capitalist market economy and consumer society have swept away the remnants of the shortage economy, as in the words by A. Dingdale, “the built forms of production have given way to those of consumption” Many of neighborhoods in postsocialist cities have undergone not revitalization but ghettoisation: symptoms of social decline, segregation and deprivation are particularly acute in the old working class quarters and the socialist housing estates which have become the most vulnerable segments of the new housing market. With respect to the fate of the socialist public housing estates, Beijing has largely experienced a unitary top-down form of urban renewal by wholesale demolition and redevelopment while Bucharest housing stock has not been able to undergo significant physical upgrading as a result of economic recession. Even the question of maintenance and management has been neglected.

In the Romanian and SEE countries’ experiences, the housing affordability and maintenance-renewal of the existing stock have been identified as the top two critical policy issues, although they were not recognized as national priorities and were transferred to the local level which itself lacks the necessary financial, technical and legal capacity to address them. These two issues in particular have been analyzed as the *main alternatives* to new construction, which had been more popularly adopted by the market and the state as an easier solution to the housing problem. The redistribution of Romanian nationalized housing merely resulted in the privatization of socialist patterns of property allocation, thereby *directly inheriting*, and in some ways *strengthening*, the existing power relations of socialist vertical hierarchy. As a major side-effect of rapid privatization and homeownership fulfillment, difficulties in managing utility payments and property maintenance costs are likely to be experienced,

particularly in multifamily blocks. Critics called for an increased intervention into solving the social and physical problems of *existing* multifamily housing stock, particularly where lower-income households are housed.

In terms of rental housing, the Romanian experience has also shown that not only public, but also private rental housing have remained marginal following the mass privatization scheme of the multistory housing blocks. The remaining social rental housing has collapsed and became devalued and residual as a rarity in the entire housing stock sheltering the poorest households. The undersized private rental sector has been regarded as a distinct characteristic of the Eastern European residual housing “model” and in Romania, private renting in the big cities has become affordable only to the double-income families. The dramatic withdrawal of the state in social housing construction and rental housing resulted in a housing affordability crisis in the early 1990s.

In contrast to the Romanian experience, housing reform in China has required a major effort to overcome the institutional shortcomings and the capacity failings of the old welfare system. Institutional pluralism has been the main feature of the housing reform, based on an improved governance structure aiming at exploring “alternatives to direct housing provision, thereby enhancing the choice and diversification of housing services and the improvements of the competitive environment in the delivery of housing services. In housing reform, the previously work-unit-managed and allocated flats with a small monthly maintenance fee was privatized via subsidized sale through the work unit, along with the introduction of new financing mechanisms in public-private partnerships. Housing prices varied across subdivisions, differentiated by location, facility, environment, amenity, and service. Income gaps were also enlarged, generating socioeconomic differentiations with variegated purchasing powers for housing.

The 1994 housing reform document in China created two separate systems of affordable housing provision system and market housing provision system. This reform policy measure still retained the work unit welfare housing distribution system, with policies to increase the public housing rental fee and to *partially* privatize the public housing stock. The proportion of public rental sector *gradually* decreased during this time. In 1998, the Chinese government launched a reform program of disposal of public housing and rental fee reform. The disposal of existing public housing had been the CCP’s most central reform issue because it attempted to reduce the significant costs associated with keeping and managing the public housing as well as to secure funds for housing construction via the sale of public housing. The state has confined itself to addressing the imperfections in the market and assisting low-income households and other disadvantaged groups in meeting their housing needs. Housing has been mainly provided to marginal groups such as the homeless, households experiencing housing hardships, and low-income families. The demand for low-income housing by these groups has been met by the state rather than the private sector, which supplied *government-subsidized social rental housing* (*lianzu fang*) and *government-supported affordable housing* (*jingji shiyong fang*).

In terms of housing institutional governance, the work unit has served as a locus of mediating forces in housing governance structure between the state, market, and society. It has improved the efficiency and effectiveness of housing governance. Although the traditional work unit compound and the close connection between workplace and residence have

disintegrated, the importance of state work units has continued, increased, and its role changed in the context of housing provision and urban spatial restructuring. Its role as a housing provider has gradually been phased out while its role as a collaborator, arranger, and mediator has gained strength. At the same time, the institutional reform of corporatization and financialization of SOEs enabled them to pursue the twin objectives of raising profits through the adoption of modern management practices on one hand, and maintaining social responsibility of providing affordable housing to their workers on the other hand. It is noted that SOEs still perform the role of social welfares for urban dwellers in China to this day by providing affordable housing to the disadvantaged as certain shares of its urban commercial housing stock reserved for welfare functions. More importantly, the state has managed to remain autonomous from the market forces to balance the overall public and private interests and needs in the housing market.

3. Prospect: Anticipation of North Korean Public Housing Management and Developments in Transition

a) Recent & Historical Developments in Pyongyang

The socialist city of Pyongyang is North Korean regime's stronghold and a window to view the whole state of North Korea in all aspects of the totalitarian nation state. During the early socialist times, it adhered to the Soviet urban planning and residential planning concepts but toward the later period of socialism, it deviated from its original objective and turned toward the increasing ideologizing of the leader Kim Il Sung and later Kim Jung Un paralleling the centralization of their political power. Thus the ideals of universal socialism were increasingly mixed with ideological nationalism, and were eventually transmuted to the exclusive patronage of the system elites. Pyongyang's spatial and residential developments exactly mirrored this trend. In the early socialist era, the Soviet concept of microdistrict was adopted in North Korea (under the name 주택소구역) and applied to various cities, including Pyongyang. But toward the period of political stabilization of the regime from the 1970s, due to economic and ideological reasons, the microdistrict scheme was abandoned and constructing high-rise apartment buildings along the frontage of streets was adopted. In the new millennium, 21st century-type urban constructions were initiated with the aim of modernizing Pyongyang. This has undoubtedly worked to the benefit of the system's elites for their convenience and the ideological mobilization of the population. These high-rise apartments and new residential developments in central locations are occupied by upper and upper-middle classes and the socialist housing estates in microdistrict schemes are occupied by middle and middle-lower classes. There are also dilapidated squatter housings which are largely located behind the roadside high-rise apartments and hidden from the view, in the Sungyo Precinct, Daedonggang Precinct, and Dongdaewon Precinct, which are occupied by the lower classes.

Although an official and institutional free market economy is largely absent in North Korea, the second economy and the black markets are emerging fast and substantially across the country, sowing the seeds of "grassroots capitalism" as described by Andrei Lankov. In 2010,

the North Korean government has announced its plan to remove all its restrictions on the market functions through the “5.26 Measures”. The “*bifurcation* of the economy (경제의 이중구조화)” is taking place by autonomous economic forces, which is structurally distorting the entire political economy and society of the socialist nation-state. The bifurcation of the economy is occurring side by side with the spatial polarization of Pyongyang from the rest of the country, which is directly contrary to the aspirations of socialist urban planning principles that aim to eradicate the difference between the city and the countryside. After all, it has always been highly ironic that Pyongyang should be endowed with all the privileges and investments under the state paternalistic guidance while the rest of the country and especially the countryside were told to adhere to the principle of “self-reliance of the regional economy”. This has consequently led to the regional economy being increasingly integrated into the market economy, particularly along the Chinese borders, detaching itself further from the official planned economy and the central political influence despite the unwithering structure of administrative control. Under this trend, Cho Dong Ho has speculated Pyongyang’s status will increasingly fall with respect to the rest of the region, triggered by decentralization and marketization trends. Cho contends that the expansion of the market will inevitably lead to economic decentralization (and later administrative devolution).²²²

With all the abuse and manipulation of the social life and urban space, it is evidently plausible to call today’s Pyongyang an *imperial* city than a *socialist* city. Toward the later phase of the regime, there is more evidence of “*capital planning*” rather than “*urban planning*”. Urban planning in a truly *public sense* as an instrument of modern state may have never existed in North Korea and it has always been an irrational tool of ideological manipulation. The same trend and characteristics have been commonly observed in Beijing and Bucharest – during the Cultural Revolution and the Systemization Programme. The key question may be then turning our focus to the original *socialist* spaces of Pyongyang, which hold possibilities of public service and welfare provision in the form of social housing under the microdistrict schema. They also provide valuable living spaces to the low income people, thereby playing a “*bridging role*” between socialism and capitalism and providing social housing to the marginalized groups. The extreme tendencies of privatization, marketization, capitalization and commodification of urban spaces will forcibly impact Pyongyang equally upon either economic reform or system transition, and we may see a convergence of its future trajectory toward the development model of Seoul. Preserving the inner-city vitality to offset the force of residential suburbanization and social stratification will be crucial. This can be done through the provision of public housing combining welfare, commerce, and education with affordable dwelling units.

b) Prospective Problems and Developments under Transition

Upon a hypothetical system transition or economic reform, the introduction of capitalist market economy institutions will entail its attendant opportunities, problems, and changes. Institutionally, the formation of free market economy will necessitate measures such as the

²²² 조동호 외 『평양이 서울에게, 서울이 평양에게』 (EAI 동아시아연구원, 2013). P. 56

price liberalization, financial reforms, currency exchanges, privatization of SOEs, ownership reforms, establishment of social security systems, and creation of taxational system, etc. However, these reforms will inevitably create problems which will inevitably affect the housing market. The likely economic problems are increasing unemployment rates, hyper inflation, rising commodity prices, rising interest rates, decline of international credit ratings, slowing down of economic growth rate or minus growth, increasing state deficit, and increasing foreign loans.²²³ In addition, the North Korean households which probably have little familiarity with investment concepts and strategies in the household economy will likely to consume more of their spendings on commodity goods and basic living services than invest in fixed assets and savings.

These larger economic reforms will be linked to the housing sector reforms which will introduce institutions and policies for creating a capitalist housing market. They include via housing privatization, reform of ownership rights, rental fees, upgrading and repair of existing housing stock, consumer housing finance and taxation system, and the creation of state housing funds, various programs for facilitating new housing construction, and real estate market. These institutional reforms will also inevitably encompass various economic problems which will be spatially manifested in large urban areas more acutely. Based on the study of the transformation and evolution of residential landscape of Bucharest and Beijing, the following trends are speculated on the residential landscape of Pyongyang under transition:

- First of all, Pyongyang's change may more likely follow the path of Romania (Bucharest) than China (Beijing) both politically and economically due to the political nature of the regime change, with the decentralization of government powers by taking on more marketized roles;
- Secondly, mass privatization, capitalization, and commodification of socialist public housing may result in problems of residential differentiation, social filtering, and gentrification of the city center;
- Thirdly, quick privatization of housing assets in a form of public sale to sitting tenants may likely occur within the context of transfer of old communist powers and networks and restitution to former pre-socialist owners will be difficult;
- Fourthly, there may be a sharp drop in the provision of social housing in the form of public and private rental housing against the backdrop of massive homeownership campaign with the resulting consequences of housing unit deterioration;
- Fifthly, there may be a breakdown of workplace-residence proximity and the evolution of microdistricts (subdivision, gentrification, and gating) to take on new marketized functions while the middle and lower class groups will continually depend on these socialist public housing estates for their housing welfare;
- Sixthly, the issue of incremental urban rehabilitation rather than large-scale urban renewal in the form of wholesale demolition and redevelopment may be more pressing for the lower-income households; and

²²³ 서우석 「체제전환국가들의 주택개혁 사례 및 적용가능성에 대한 비판적 고찰」 2001.

- Seventhly, there may be large migration of populations in and out of Pyongyang, resulting in migrant enclaves and shantytowns in inner city and peripheral locations and increasing pressure on social housing.

Following the Romanian and other South Eastern European experiences, Pyongyang's public housing stocks are more likely to follow the mass privatization through public sale to the sitting tenants rather than restitution to former owners. This is due to issues of difficulty in restituting the pre-Korean War owners; the likely continual transition of power structures and relations in the upper echelons of the state and society; and of short-term economic imperative of quickly increasing municipal and local revenue as well as of shedding any financial burdens on public housing developments, redistribution and maintenance. A full-scale restitution of socialist public housing stocks will be highly challenging and even a partial restitution will need to overcome the aforementioned obstacles through a process of democratic politics and institutional reforms. Along with the sudden withdrawal of the state, slow development of the market, unstable growth of financial and public institutions, and proliferation of the informal economy, urban areas may become dominated by a highly privatized housing system with a significant share of dilapidated multifamily housing stock and low-income households.

Politically, there is a high likelihood that the housing problem will be dealt with politically rather than (macro) economically. The transition to democracy from communist dictatorship will still pose difficulties related to the immature society and politics of substantive democracy. Politicians with self-interests will try to take advantage of the chaos by populist policies and election pledges on housing which will complicate the matter significantly in the long run. Economically, despite the strenuous efforts by the government to enforce administrative regulations, the housing price and rental fee will increase with the South Korean, Chinese and other international speculative funds penetrating into the housing market. This will compound on the basis of significant lack of housing, and aggravate overcrowding in housing and residential instability. Socially, the evolution of residential activities centered around family rather than larger communitarian living will come into conflict with the existing built fabric and structure of housing. The loss of communal space and services with the dissolution of the SOEs will gravitate the previously shared functions into the private realm of each households, and this will not be accommodated by the existing spaces.

The heart of the matter of these problems is that the solutions are more likely to come after the crisis than before preventatively. These problems are likely to be repeated and magnified in the North Korean context of national unification and system transition especially with regard to the political nature of housing reform, inequalities between Pyongyang and other (smaller) cities, and social problems related to socioeconomic stratification and spatial polarization. In order to solve these problems, coordinated policies concerning the future development of socialist housing estates, clarification of homeownership status and legal status of public housing estates, and setting clear boundaries between the homeowners and the municipality for the maintenance and management will be needed.

c) Tackling the Problem of Urban Rehabilitation, Management & Maintenance, and Housing Governance

In terms of the future reform and transformation of socialist public housing estates, the key question is piecemeal urban rehabilitation versus wholesale urban renewal. Given the relatively “*superior*” position and condition of Pyongyang’s housing stocks (relative to the rest of the country), an incremental urban rehabilitation (ex. infill development) with a focus on improving maintenance and repairs as well as revitalizing the public space will be a more likely and feasible option than full-scale urban renewal of demolition and redevelopment. In urban rehabilitation, we must remember that: first of all, rehabilitation is a social process as much as economic or physical process, and hardly a technical one; secondly, dwelling is not limited exclusively to buildings, but it also implies the space around them; thirdly, collective dwelling essentially implies the negotiation of various interests; and fourthly, public space should not be perceived as a mere legal and administrative category and every community should have a right to public space.

For the management and maintenance problems, the following strategies will be decisive: *professionalization of housing management by extending the role and responsibility to the executive branches and encouraging the participation of private and third (nonprofit) sector; support of low-income households by the existing financial and fiscal instruments by means of additional subsidies; establishment of a systematic and strategic legislative framework that is clear, lasting, flexible and enforceable, ensuring minimal standards and participation of poor households; and decisive law enforcement with necessary prosecution to establish new standards of social behavior within and beyond the housing domain.* In terms of revitalizing public space, the aim of the interventionist strategy should be to create attractive public spaces that are integral to the city’s overall fabric and connectivity by activating the fringes of the old neighborhoods as well as the areas behind the rows of socialist housing estates. A “soft urban surgery” with minimal intervention in the frontage and rear of the “concrete curtains” will be more appropriate rather than a full scale operation. The wholesale demolition and redevelopment may be more selectively useful in the rundown areas of the city, usually in peripheral locations, or in brownfields and derelict industrial sites.

For the problem of housing privatism and non-coordination, which refers to a set of socio-cultural values and attitudes that stresses the centrality of home and incites the corresponding withdrawal and detachment from collective life, a participatory mechanism which allows: the residents to identify their problems together; terms of reference to be established and accepted through a process of negotiation; the project outline to be comprised of both clearly identified costs and technical solutions; and project implementation to be based on coordinated actions, is required. Citizen participation in the form of collective public organization can create a civic ambience of democracy and social capital and mitigate the tendencies and phenomena of extreme liberal individualism, incapacitated civic non-participation and apoliticization, exclusive associationalism, NIMBYism and the like.

Such activation requires the establishment of counseling and communication body to bring together various partners (homeowners’ associations, local and central administration, lending institutions, project designers, construction companies, etc) via the spirit of “good governance”: defined as the sum of all possible ways in which public and private institutions and organizations regulate their common business through a continual process, in order to

balance diverging interests and allow for cooperation. Here, establishing a multiparty interest mechanism that balances the different priorities of the government, society and market will be crucial. Linking urban renewal to public interventionist measures that can control and guide market forces, such as the social housing policy via public private partnership has tried to bridge a middle way between the extremes of laissez-faire economy and centralized planning. The present interwoven, contradictory and complex situation facing the urban renewal area of former socialist public housing estates requires a comprehensive administrative, legal, economic, political, and social remedy in housing policy, citizen participation, financial mechanism, project organization and management, regulatory oversight, and physical planning and design.

Fundamentally in urban rehabilitation, the return to the original social objective of improving the living conditions of residents and dwellings in both quantitative and qualitative terms will be necessary. This can be done by incorporating social housing provision in the renewal effort; strengthening economic capacity of local businesses and jobs; and encouraging citizen participation in the renewal process. Introducing social housing back into the former public housing areas can solve the problem of socio-spatial segregation by reducing affordable housing shortage in the city and rebalancing the social mix of the neighborhood. Strengthening economic capacity of local businesses and jobs can contribute to the vitality of local economies through the introduction of mixed entrepreneurial initiatives and small-sized individual enterprises. It can also dialectically work toward the social revitalization of the neighborhood by linking employment and residential environment.

d) Final Thoughts: Transformation VS Withdrawal – Pyongyang between Evolution and Revolution

The uniqueness of each model studied in this research is by no means implicative of any ascertainable transitional trajectory of Pyongyang. More likely, Pyongyang will create its own future, contingent upon its own unique history of socialism, planned economy, and totalitarian culture. However, there are distinct facets and factors of common beginnings and observances, attributable to Soviet socialism, which can be indicative of potential possibilities and consequences. Will it be “*Socialism with North Korean characteristics*” or “*Neoliberalism with North Korean characteristics*” depends largely upon the nature of political change in the beginning stage of the transition. The fundamental *political* question then is – what *kind* of economy the North Korean state would envision for itself and its people. Between the extremes of planned shortage economy and neoliberal free-market capitalism, the question of public housing provision has been dealt *better* by a gradual reform of the economic and housing sector as evidently experienced in urban China. The nature of transition in the context of public housing provision will largely depend on the technical-administrative changes involving evolving governance structure (i.e. decentralization and devolution). For Pyongyang to follow Beijing’s model of gradualist transition, this administrative decentralization and devolution of power are critically necessary. As economist Cho Dong Ho said, the relative decline of Pyongyang’s status and relative rise of the region will work toward the balance of spatial distribution of capital and resources and the rise of the local economy will necessitate the rise of local government and governance structure. For Pyongyang to follow the Bucharest model, a quick and total privatization of

public housing may not guarantee a quick and successful transformation of the housing sector. It is critical to remember that the Romanian cities experienced a slow and gradualist transition from socialism to capitalism with very limited capital investments and stagnating and polarizing incomes despite quick dissolution of public assets and withdrawal of the state. Pyongyang thus also faces the possibility of becoming an “unregulated capitalist city with some elements of the Third-World type of city development”.

The key nature of the housing problem in Pyongyang will thus be more a political problem as much during the transitional period as it has always been during the socialist period. The economic constraints of shortage economy which sacrificed housing developments for the prioritization of productive heavy industry were still the result of political decisions rather than inherent economic limitations. There is no question the relative power of economics will play a greater role after the transition than before during socialism. The same kind of prioritization of the real estate development and speculative investment will constrain the public housing provision options for the North Korean government; but this too, will be largely subject to the top-down political commitment of the regime. In this way, despite the transition of the administrative and economic system – whether gradual or drastic – the centrality of politics will be the decisive factor over the economics. The question of housing will largely depend upon the will of the state.

In terms of institutional housing governance, Pyongyang is still likely to follow the Bucharest model than the Beijing model because Beijing’s housing governance was always based on the intermediary function of work units, local governments, and SOEs. The role of the local government was greatly strengthened in the Reform Era in Beijing by *transforming* itself into a market actor whereas in Romania and other SEE countries, the local governments largely *withdrew* from its public roles thereby shrinking its size and responsibilities. The quick and massive privatization that will ensue the hypothetical collapse of the regime is likely to be characterized by general lethargic growth and economic recession due to Pyongyang’s historical isolation and backward development in areas of domestic political system, planned economic system, totalitarian cultural atmosphere, and Third-World international trade and geopolitical diplomacy. The history of Beijing’s gradualist-evolutionary change has shown that following the gradual introduction of market mechanism and policies, the welfare function of public housing was able to be gradually transformed into marketized role through the intermediary roles played by the work units, microdistricts and SOEs. As a result, the shock of quick privatization was less severe although traditional inequities and power relations had been largely transferred to the new reform era politico-economic system. However, by following the Romanian and SEE countries’ experience, the North Korean housing market might collapse with very low levels of housing production and transaction if economic recession hits public sector production. The massive housing privatization scheme is likely lead to the forced eviction of poor tenants and the elimination of their social rights which will devastate the most disadvantaged groups.

Overall both politically and economically, there is a higher chance of Pyongyang following the Bucharest model of violent revolution and quick privatization of the economy. The entire North Korean history has shown that the regime has absolutely no intention of political and economic reform in contrast to the reform China. The recent power centralization and consolidation into the dictator Kim Jong-Un, with the public execution of his uncle Jang Sung-Taek, make the possibility of establishing public welfare a more distant optimism. Jang

Sung-Taek has long been on the reform side of the North Korean political clique as a key state-manager, playing an intermediary role between China and reform-oriented faction of the North Korean bureaucracy. Experts are gathering to the conclusion that his violent demise is attributed to his very reform-oriented stance as part of the power struggle between the North Korean military and bureaucracy. At the same time, the prospect of revolution is also grim, given the historically debilitated and structurally prostrated civil society which makes the possibility of revolution very difficult. If it happens, it is more likely to be backed by the top echelons of power, particularly in the military circles as the fall of Nicolae Ceausescu shows.

According to Marx, cities are objects created for an individual, but they also create an individual for the object. Recently in Pyongyang, Kim Jong-Un ordered the construction of a ski resort, amusement park, horse-riding park, ideological monuments as well as planting a citywide lawn resembling the Swiss cities where he spent his youth. As such, the city created by a totalitarian state can only be conditioned by and serve the despotism and autocracy of the regime itself. Inarguably, Pyongyang had become the “playground” of a *Sim City* game for the omnipotent and omniscient architect-dictator. The overt displays of monumentality and extravagance have covered covertly the real sufferings and oppressions of the people to make way for a *city in taxidermy – a Potemkin city*. Ultimately the challenge is for the North Korean state to take the self-initiated process of gradual reform like the Chinese state. The leader of the North Korea still has a choice of national normalization. The lesson of history shows that a failed state cannot continue eternally as the ideological nationalism would vociferate. Sooner or later, the North Korean state will be at a crossroad between the two diverging paths of revolution and evolution, not a question of “if” but “when”. Evolution is the survival strategy of the fittest. Revolution is the survival strategy of the weakest.

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