SUMMARY

China's urban housing reform has been a key component in China's economic revitalization program which was initiated since 1978. However, there has been no systematic study of its impact on urban economic growth. The aim of this thesis is to examine the changes in consumption, investment, and related industrial sectors which were stimulated by housing reform, and to assess the role of housing industry in the national economy.

Two research propositions were proposed. First, China's housing reform stimulates the housing industry into a pillar of national economic growth. Second, it is expected that housing reform will stimulate changes in residents' consumption, housing investment, and related industrial sectors, and thus facilitates urban economic growth.

This study focused on urban housing reform in a period 1979-1998 covering 195 sample cities in China. To test the first proposition, multiple stepwise regression analysis was used to study relationships between urban economic growth and housing industry together with other determinants. A case study approach was adopted to test the second proposition. These included three Chinese cities—Beijing, Xi'an and Yantai. Descriptive analysis was used to examine the variation in household consumption and source of housing investment through which the housing reform and urban economic growth were interrelated with each other. The Pearson correlation coefficient was calculated to determine the different degree of correlation between housing and its related industrial sectors.
Regression analysis of the three regions indicated that economic and housing reform in China since 1978 had generated a clear regional diversity in urban economic growth and its determinants. Regression coefficients of the housing industry supported the proposition that housing industry contributed towards China's urban economic growth directly from 1988 to 1998, but such relationship existed only in eastern and central regions. Among the fifteen variables that were assumed to have relationships with urban economic growth, the growth rate of population and average annual amount of foreign direct investment showed significant positive impacts on urban economic growth. The negligible effects of China's housing reform on the national economy might be explained by four reasons: the spatial disparity of China's economic base, the lack of market-oriented economy, lack of effective housing demand and low efficiency of the housing investment.

Research findings from the case studies revealed that housing reform has resulted in drastic changes in housing investment and growth of related industries. Self-raised capital became the main source of housing investment, while state investment declined considerably. Significant correlations were clearly discernible between housing investment and related industries. Nevertheless, the power of resident's consumption, as measured by the percentage expenditure on real property, household articles and services, was a constraint against housing commercialization. Evidences from the three cities confirm that housing reform had brought about remarkable changes in the patterns of consumption, investment, and the growth of related industries.