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Topic 3: Home Ownership is a means to people’s sense of belongings and political stability of the societyTo tutor: Dr. Gavin UreFrom student: Cheung Kai Lung, 10140951DYear: 2012/2013 Semester 1

## Introduction

When it comes to home ownership, it may be a common belief that home ownership is always for the purpose of generating profits. Therefore, owner-occupation not only satisfies one’s residential needs but also provides the cultural capital to transcend one’s social class. Are these all your own words? (Lee, 1999) It can be demonstrated by the property market of Hong Kong. People keep gaining profits from property transactions but the satisfaction of residential needs is far from satisfactory. However, there are also some countries like Singapore which regards Home Ownership as a means to people’s sense of belongings and political stability of the society rather than means to making profits. In this paper, I am going to find out whether sense of belonging and political stability are also related to home ownership in Hong Kong.

## How Home Ownership does a means to people’s sense of belongings?

Basic need of housingHousing is a fundamental need. It provides shelter, gives access to decent water supply and affects your ability to get food. Poor housing conditions were identified as root of disease, a poor quality workforce and moral malaise. Copied from reference (Conway, 2000, p. 1) From long time ago to now on, housing is always important to human beings. Housing does not only mean a shelter. It also related to our accessibility and ability to what ? health care, education, employment, social harmony, security and citizenship right. (Malpass, Peter and Murie, Alan, 1999) If our housing need cannot be satisfied, we will never have a sense of belongings to the society since our basic needs have never been met. Why do we need to buy a house or flat? According to Dipasquale and Wheatson (1996), Housing market is divided into two separate sectors, the market for space and the market for assets. The market for assets is determined by the rate of return while the market for space refers to the residential needs. Theoretically, renting a house can be a great choice if people only want a safe shelter to live. However, the rent and the rate of return are inseparable. Investments in property market affect both markets since the rate of returns and rent affects each other. As we all know that the investment in Hong Kong’s property market is active. To have a more stable place to live, buying a house seems to be a better choice. With a home ownership, people need not worry about the frustrations of rent and where to move when the house owner do not want to lease out the flat any more. People always prefer to own a house. Besides, in Hong Kong, the cost of rent is very close to the cost to buy a house. Under this situation, people will have a strong tendency to own a flat since buying is an investment and renting is consumption, which called ‘ tenure neutral’. (Barr, 1988, p. 365) Moreover, Local surveys in the early 1990s showed that over 80 per cent of households prefer to buy a house rather than to rent. (Lee, 1992) Simply, the willingness of Hong Kong people to own a house is strong. Home ownership is an effective process for incorporating the population, especially the lower income group, into a commitment to the nation. Are these your own words? (Agus, Muohammed R., John D. and Lee, 2002, p. 45) When people own a home, it is not difficult to understand that people will be more willing to stay where?. According to the survey conducted by Deborah Davis and Kin-man Chan, home ownership does have independent effect to contribute sense of belongings to the society although home ownership may not be the only reason. (Lau, Lee, Wan and Wong, 2003)Therefore, we can see the importance of housing towards our lives. Apart from meeting our basic needs, Hong Kong people have a strong aspiration to home ownership and that may be able to increase our sense of belongings to Hong Kong.

## How Home Ownership does a means to political stability of the society?

A role model: SingaporeIn this part, we will try to examine how home ownership can help stabilize the society by illustrating Singapore as an example. I take Singapore as an example because it has a lot of similarities to Hong Kong. They are of a similar size, highly populated and economically developed and have a similar historical background as British colonies. In Singapore, housing policy has formed an integral part of the social-security system. By using the Central Provident Fund (CPF) saving system, the Housing Development Board (HBD) is able to build affordable flats and provide low-interest mortgage. Under this system, more than 80 per cent (88. 6%) of Singaporeans are homeowners in 2011[1]. After they brought spelling a house, they can enjoy the wealth accumulation of property to protect their living in their old age. Based on the asset-building nature of housing, home ownership can achieve both economic and social goals. The first Prime Minister of the Republic of Singapore, Lee Kuan Yew, has stated that home ownership was an important element of the government’s housing policy. His primary preoccupation was to give every citizen a stake in the country and its future. House-proud owners were convinced that if every family owned a good house, the country would be more stable. All your own words? (Lee, 2000, pp. 95-96) After people brought ?? a house by their own savings, they will regard themselves as a stakeholder of the society. Home ownership also provides a chance for them to be self-reliant under the Reverse Mortgage Scheme. From a citizen’s perspective, stable housing price and the home ownership guarantee a future asset income-stream and economic security. (Lee and Vasoo, 2001, pp. 281) When the home ownership can satisfy the needs of welfare, the political stability will be high because citizens are living well. The Singaporean stakeholder housing system builds the level of trust inherent in the society. (Fukuyama, 1995) That’s why Singapore is one of country has highest stability all over the world. Citizens are living well because the home ownership contributes a lot. Situation in Hong KongIn Hong Kong, the emphasis on a free-market home ownership policy has created affordability problems. Evidence has suggested the extreme volatility of Hong Kong’s housing sector in recent decades. The housing policy has seemingly failed to achieve its purpose of meeting housing needs of low and marginal middle-income group. Are these all your own words? (Chiu and Wong, 2012, pp. 166-167) According to the Policy Address of Hong Kong this year, we are facing serious housing problems. First, there is a long waiting list for the Public Rental Housing (PRH). Insufficiency of PRH makes people suffered from high rent and leads to poor living condition like unauthorized sub-divided flats. Second, the property price is unaffordable. Mortgage to income ratio was raised to 47 per cent in the second quarter of this year. (HKSAR, 2012) Especially for those ‘ Sandwich class’, " while on the one hand they are barred from the social-rented sector because of an income eligibility barrier, on the other they are unable to afford private housing because of soaring piece." (Lee, 1994, pp. 180) For those Sandwich class, most of them are highly educated. They are paying the high rent but they can never afford to buy a flat. From the survey conducted by ESDlife this year, the result showed that 43 per cent of single people in Hong Kong regard home ownership as the most important target in their lives, which is much higher than having marriage (11%)[2]. If the government does not take greater responsibility to house the middle class, the political consequences will be enormous.?? (Lee, 1994, p. 188)From the above mentioned we can see the aspiration and hinders to home ownership. This sentence is ungrammatical. If you purport to write well in sentences marked above, how is it that you write so badly here? I believe the government also understands that the dissatisfaction of the home ownership is one of important causes to low political stability. So far, after our Chief executive C. Y. Leung won the election, two housing policy were announced, namely, Hong Kong Land for Hong Kong People and the first application for My Home Purchase Scheme. However, we can see there were some political reasons behind it if we are aware of the time. On the date of announcement of Hong Kong Land for Hong Kong People scheme, there was a climax of anti-national education campaign. Thousands of people had occupied the government secretariat. At that time, our Secretary for Development, Mr. Chan M. P., had suffered from the scandal of running unauthorized sub-divided flats and drunk diving. Next, on the date of announcement of the first application for My Home Purchase Scheme, this month, our Chief Executive was suffered from the scandal of unauthorized building of his house. Shortly, he showed up to explain about the coming My Home Purchase Scheme. It is likely to say that the government always tries to shift public attention from hot public issues by easing demands for home ownership. By this, people who are highly educated, paying attention to public issues and having more power in the society, especially those sandwich classes may feel more ease when they have more hope to buy their own house. A good housing policy probably can increase the legitimacy of the government. To the certain extent, home ownership does help stabilize the society. Hong Kong has potential to be another Singapore. People live well, Society goes stable. How home ownership can stabilize the society? From Marxist perspective, home ownership is designed to convince working labour that they have an investment stake in capitalism, which can provide the ‘ psychic’ benefits of security, independence and respectability. (Cater and Jones, 1989) When the social being determines the false consciousness of necessity of home ownership, people will work hard in order to buy a house. People reproduce their labour force after getting rest in our own house. To keep people working is a means of social control to distract people from political issues and dissatisfaction in order to stabilize the society. Home ownership is an effective way of eliminating potential dissension and social fissures and an important step for nation building, for the country’s domestic, political and social stability. Are these all your own words? (Agusm, Muohammed R., John D. and Lee, 2002, p. 45; Wong and Yeh 1985; Chua 1991) Home ownership also helps to promote the political credibility and legitimacy of the government. (Teh, 1984, p. 89) Home ownership is not just about housing. Counter argumentFrom reviewing the history of Hong Kong, we should also be careful that homeownership may not be suitable to increase the political stability all the time. In 1997, our first Chief Executive, Tung Chee-hwa, targeted to build at least 85, 000 flats a year and to achieve a home ownership rate of 70 per cent in ten years in his policy address. Unfortunately, having a stable society was not the outcome. In this year, the Hong Kong economy was hit by Asian finance turmoil. Furthermore, property prices dropped dramatically, which hurt the economy. (Hang Seng Bank Ltd., 1998) In 1998, the Gross Donestic Product (GDP) recorded negative growth. In the following year, unemployment and underemployment rose and reached peaks. (Hong Kong Government, 2000) As the result, around 170, 000 property owners experienced negative equity. (Hong Kong Economic Journal, 2000) Finally, so-called incident of ’85, 000’ was notorious. Many people criticized and blamed the government for the ’85, 000’. In 2003, there were 500, 000 people demonstrated on the street on 1st July. This is likely to say that the numbers of victims suffered from negative equity took a certain proportion of the demonstration. Therefore, home ownership may not necessarily able to stabilize the society. On the contrary, it may make the society unstable if it is not proposed by the right manner at the right time. ConclusionTo sum up, we may now understand that housing is not just a shelter. It has different meanings in economic and political aspects. Especially in Hong Kong, housing problem has a complicated relationship with the economy. (Poon, 2011) Politically, if Hong Kong can use housing policy as a core of the welfare system, government takes initiative to help people to own a house. Naturally, people’s sense of belonging and political stability will be high when citizens are living well. When people, especially those sandwich classes, have an entry ticket to buy a flat, they will pay attention to the economy more than the politics. However, in Hong Kong, all of us pay much attention to the economy. Housing is one of core business to support our economy. Learning from the history of 1997, we should noticed that pull down the property market is very dangerous. The government should not try to do that while it promotes the home ownership. Although those middle class may become more politically stable when they are afford to buy a flat, the government should try to protect those vested interest in the property market. Our society is made by different groups and classes. If we cannot balance the benefits between different groups, the society will never be stable. To use home ownership as a means to increase people’s sense of belongings and political stability, it cannot be right if the government do not promote home ownership in the right way in Hong Kong.