

# 4 Reciprocity in Intergenerational Transfer of Housing Assets: A case study in Chongqing, China

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## Abstract

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Worldwide, housing is increasingly unaffordable for young people, many of whom rely on intergenerational transfer of assets to enter home ownership. The explanation lies in two macro-structural shifts: the retrenchment of the welfare state and the rise of the home-owning society. A case study in Chongqing, China suggests an answer to the following research question: How does the expectation of reciprocity affect housing-asset intergenerational transfer (HIT) in contemporary China where the welfare system is not equally distributed among urban and rural residents? Data derived from 31 in-depth interviews with young adults and parents show that HIT is perceived as an exchange of financial support in the present for generalized support in the future. Families with a rural migration background, who tend to have less access to the public welfare system due to China's dual *hukou* system, are the most eager to invest in HIT and expect the most reciprocity.

**Keywords:** housing asset, home ownership, intergenerational transfer, reciprocity, Chinese families

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## § 4.1 Introduction

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As housing becomes unaffordable for young adults worldwide, they remain living with their parents longer or rely on parental help to live independently (Barrett et al. 2015; Berrington, Stone and Falkingham 2009; Billari and Liefbroer 2010; Cobb-Clark 2008; Calvert 2010; Druta and Ronald 2016; Ford, Rugg and Burrows 2002; Heath 2008, 2017; Heath and Calvert 2013; Hochstenbach and Boterman 2017; Manzo Druta and Ronald 2016; Toussaint et al. 2012; Spilerman and Wolff 2012). The roots

of prolonged parental assistance in housing lie in two macro-structural shifts: the retrenchment of the welfare state and the emergence of the home-owning society. In the 1980s, neo-liberalism swept through the developed world, leading many governments to desist from providing affordable homes and encourage self-reliance. Individual households have since sought ways to take care of themselves. For instance, they have taken up offers to purchase former social housing at a discount or newly constructed owner-occupation housing with tax relief (Doling and Ronald 2010). Home ownership quickly transformed into an unavoidable form of consumption for 'everyman' and a desirable investment for the rich (Ronald 2008). Understandably, the price of housing has rocketed, presenting new generations with a situation very different from the one their parents had faced. Parental involvement in meeting the needs of young adults' housing is not uncommon in Eastern and Southern Europe (Druta and Ronald 2016; Manzo, Druta and Ronald 2016; Toussaint et al. 2012) and in Asia (Forrest and Izuhara 2012; Ikels 1993; Izuhara 2010; Lee and Xiao 1998; Li and Shin 2013). But even compared to its Asian neighbors, who share its family-oriented culture, China shows a high level of participation of parents in children's home purchase (Zhong 2014); parents play an important role in their chance of becoming home owners (Deng, Hoekstra and Elsinga 2016). In the absence of national data, surveys in individual cities show that roughly one-half to two-thirds of young adults received parental help in attaining home ownership (Cui, Geertman and Hooimeijer 2016; Du and Huang 2014; Zhang 2011). While several qualitative studies of such intergenerational transfers have been carried out in Western countries (Beer and Faulkner 2009; Druta and Ronald 2016; Manzo Druta and Ronald 2016; Heath and Calvert 2013; Heath 2017), few (notably Fincher 2014; Zhong 2014; and Or 2017) have been conducted in the context of urban China. This paper aims to start filling this gap by exploring the role of reciprocity in housing-asset intergeneration transfer (HIT) against the backdrop of a limited welfare state and an emergent home-owning society. Utilizing qualitative data from in-depth interview in urban Chongqing, this paper seeks to explain how the expectation of reciprocity affects HIT in the context of China, where the welfare system is not equally distributed among urban and rural residents.

The following section outlines the conceptual framework, reviews salient research on intergenerational reciprocity, and sketches the Chinese context within which we position our study. Then the next section presents our research design. The subsequent section elaborates on the empirical results and provides narratives to underpin them. Finally, the paper concludes with a summary of the findings and a discussion of the implications of this research.

## § 4.2 Conceptual framework and literature review

### § 4.2.1 Housing, welfare state and intergenerational transfer

In recent decades, the trade-off between housing provision and a home ownership society has been scrutinized in research on housing and the welfare state (Kemeny 1980 2001; Castles and Ferrera 1996; Dewilde and Raeymaeckers 2008). Tax contributions to pension schemes and private spending on home ownership are “alternative means of life-cycle redistribution by which individuals guarantee their security in old age” (Castles and Ferrera 1996, 164; Doling and Elsinga 2013). Other things being equal, the more one pays for social security contributions, the less one can afford for house purchase and vice versa (Kemeny 2001). The dominant form of housing tenure available in the market determines how families pay their housing costs, and how their housing is paid for determines how much of the total household income can be allocated to other forms of expenditure. Renting spreads the costs of housing over the life course, while owner occupation concentrates them in the early stages. Given the need to save for a deposit, followed by the high cost of mortgage payments during the first decade or so of ownership, households are restricted to prioritize expenditures on non-housing items, including tax for social benefits (Kemeny 2001). And given the constraints on public budgets, the more states spend on subsidizing home purchases, the less they can afford to increase social expenditure and social housing (Fahey 2003; Conley and Gifford 2006)<sup>10</sup>.

There is also a trade-off between state and family as welfare providers (Jacobs 2000). The former resource relies on services purchased from professional institutions and paid by public funds, whereas the latter depends on help from individuals with no monetary compensation for the service (Blome, Keck and Alber 2009; Kohli 1999). Some scholars ascertain a “crowd-out” effect, whereby a generous pension and social security system would make the role of family support less salient. In countries where public pensions are more generous, the elderly tend to be independent of their offspring, at least financially (Attias-Donfut, Ogg and Wolff Barrett 2005; Albertini, Kohli and Vogel 2007; Brandt and Deindl 2013). On the other hand, in countries where public expenditure on social security is low, intergenerational support is more common

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10

In this paper, we focus on behaviour using parents’ financial transfers in children’s home purchase. Research into using family assistance for co-residence or in ways other than housing market purchase can be found in Davis 1993 and Forrest and Izuhara 2012.

(Doling and Elsinga 2013; Izuhara 2002; Zissimopoulos and Smith 2011). The “crowd-out” effect is rather subtle, however, since another body of literature also gives evidence of intensive time transfer and instrumental support from adult children in countries with generous pensions, hence a “crowd-in” effect (Attias-Donfut, Ogg and Wolff 2005; Sloan, Zhang and Wang 2002; Zissimopoulos 2001; Zissimopoulos and Smith 2011). Instead of a two-dimensional trade-off, Yuesheng Wang (2008) envisioned a spectrum of intergenerational relationships in response to different levels of public welfare access from rural to urban areas in China. There, an “adhesive relationship” refers to a unit of parents and adult children combining financial support, instrumental care, and emotional communication and entailing co-residence or proximity (Wang 2008, 20). This relationship, which still prevails in major rural communities, is indicative of inadequate social security. Conversely, a “loose relationship” is based on independent finance, whereby the adult children only provide care for their parents in case of disability, though it also entails emotional support. Finally, an “independent relationship” refers to a high degree of financial and living independence, whereby the support given by adult children is only emotional. In urban communities, where one’s social security has been established, a “loose relationship” is common though “independent relationships” are emerging there.

On the basis of the two trade-offs outlined above, we infer some possible outcomes of widespread intergenerational transfer in home ownership and the consequent phenomenon of reciprocity (see Figure 4.1). When operating under conditions of limited welfare provision, the outcome would be a “home ownership society” (Ronald 2008) as described by Kemeny (2001). In that scenario, individual families are forced to own a home as a source of equity and safety net. And since demand is rigid, house prices will rise or at least remain stable, making housing a very attractive investment, even for those who do not need accommodation. In general, a large lump sum is required as a mortgage down payment to enter home ownership. First-time buyers would have to seek financial help, most likely from family and close friends who would not ask for collateral and whose terms might be more flexible. It is not unusual for family and friends to pool resources to derive more benefit from the “never-falling” housing market. This model works best for parents and adult children, as the former have savings and the latter have future earning power. In societies with limited welfare state provisions, parents would also be motivated to help by the expectation of their children’s reciprocity in the future (Izuhara 2002, 2010; Horioka 2014).

Even when the parents are not rich, they might still be under pressure to engage in housing intergenerational transfer. According to Blau’s (1964,p104) “conditions of exchange,” the prevailing exchange rate in a society would put pressure on individuals to follow suit. Thus, in a society where most parents make transfers to their children in exchange for future care, housing transfer would turn into a socially accepted way

to become eligible for reciprocal services in care. Secondly, with the same amount of initial transfer, more reciprocity would be expected if a welfare state is not in place; but if it is, seniors can accumulate assets while most of their future expenses are covered. They may be willing to give the “extra” wealth to their children without expectation of future return (Cao 2006). If their own financial security is precarious, however, they will have greater expectations of return. And they will also arrange the transfer more strategically; for example, they could give funds to the child who is more likely to become the source of later support (Henretta et al. 1997; Izuhara 2002; Grundy 2005).

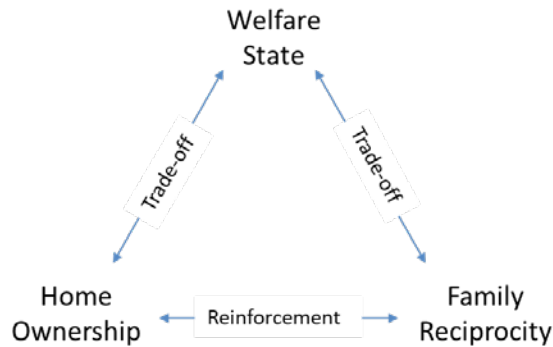


FIGURE 4.1 Conceptual framework of chapter 4

## § 4.2.2 Reciprocity in intergenerational transfer

The function of reciprocity has been studied by anthropologists, initially to explain interactions between human societies and later to explain interactions at the micro-scale. According to Gouldner (1960), “reciprocity” is grounded in the mutual exchange of goods and services; it obligates people to “help those who have helped them” and “not injure those who have helped them” (p171). The closer the relationship of the participants, the more “generalized” the reciprocity, which represents an indefinite reimbursement period, undefined equivalency of return, and low self-interest (Sahlins 1972). The relationship between parents and children, which is very close, is one in which long-term reciprocity would apply. In parenting, adults raise and nurture their offspring during childhood; in reciprocity, children provide care and support for their parents during old age (Finch and Mason 1993). Quantitative studies of long-term

reciprocity show that financial and time transfers in previous years contribute positively to the children's support for parents in old age (Koh and MacDonald 2006; Silverstein et al. 2002). This concept is highlighted in the doctrine formulated by Confucius on stability of society (Whyte 2003) and has been described as a "feedback" model of Chinese family life (Fei 1982).

However, recent studies demonstrate a greater influence of relatively short-term reciprocity involving transfers from parents to adult children (see for example, Silverstein et al. 2002). The significance of short-term reciprocity has been attributed to individualism and pressure on the younger generation in contemporary societies (Choi 2006; Ikels 2006; Yan 2009). Changes in tertiary education and the labor market require more investment in adult children and a prolonged dependence on parents (Arnett 2000). And parents' support during childhood is no longer sufficient to justify reciprocal support from their children, unless the parental support continues in early adulthood to lay the grounds for the children's economic independence. In Asian countries, it is an important strategy for parents to keep investing in adult children through transfers with an eye to securing later support. To that end, help with housing and grandchild care are among the most effective behaviors (Cheng 1998; Yan 2003; Croll 2006; Ikels 2006; Zhong 2014). In contemporary China, reciprocal exchanges between parents and adult children have been documented by Western observers, who describe this phenomenon as an "intergenerational contract" (Ikels 1993, 2006; Whyte 2003). That term suggests an exchange of equivalent rights and obligations between parents and adult children whereby failure to discharge one's obligations would nullify the rights to later support.

In the English-language literature, studies concerning the exchange between parents and adult children are organized under the rubric of Inter Vivos Transfer. A key issue is the underlying motivation: altruism (Becker 1991; Berry 2008) vs. reciprocity (Bernheim, Shleifer and Summers 1985; Norton and Van Houtven 2006). In reality, parents are more likely to be motivated by mixed considerations (Kohli and Künemund 2003). In this literature, the motive (altruism or reciprocity) for inter vivos transfer is not ascertained directly through self-reporting of parents but rather indirectly: who are the parents transferring assets to? Do parents transfer to children in need or instead transfer equally, which suggests an altruistic motive, or rather to the children who are most likely to provide care, suggesting a reciprocity motive? The focus of this paper is on the motives for inter vivos transfer of housing assets from parents to

adult children<sup>11</sup>. Considering the importance of reciprocity in the intergenerational relationship and in inter vivos transfer, we believe it is important to deal with this issue more directly, by looking at the self-reported motivations and considerations of both parents and children. In the next section, we will outline the context of contemporary China. Then we will explain why we think it is critical to deal with reciprocity in a more direct way, specifically by investigating how the perception of reciprocity affects people's decisions on whether or not to engage in housing intergenerational transfer.

### § 4.2.3 What is special about China?

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Here we argue that contemporary China is eminently suited as a setting in which to explore the interconnectedness among the welfare state, a home ownership society, and intergenerational transfer. We speculate that the acute conflict between the first two of these three elements makes intergenerational transfer in housing particularly necessary and generally welcome for Chinese families. To start with, the welfare state is not fully developed in China, and intergenerational reciprocity is a main form of welfare provision. Moreover, urban and rural China exhibit different patterns of welfare provision. Urban residents have at least a moderate level of pension and social protection, allowing them to maintain financial independence from their children. Their children, conversely, can hardly offer them adequate support in a 4-2-1 household structure, thanks to the one-child policy. Rural residents, in contrast, have almost no pension or formal social security. But they tend to have more offspring - birth-control policy was fairly loose in rural areas - who could presumably share the burden of care and serve as a reliable source of support.

Secondly, the rate of home ownership has grown at a dramatic pace in China, and housing prices have also increased much faster than in Western economies. In 1949, 65 percent of the urban dwellers were renting (48 percent in public rentals) whereas only 35 percent lived in self-built or inherited homes. The percentage in public rentals peaked at 72 percent in 1978, before the market reform (Huang 2004). After the reform kicked in, owner-occupation rose to 47 percent in 1996 (Huang and Clark 2002) and reached 76 percent in 2011 (Chinese Household Finance Survey 2011, calculated by the authors). On the other hand, national average housing prices in 2001

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11

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were 10 times what they had been in 1991 and increased by another 2.5 times over the next 10 years. The ratio of average urban housing price for a 90-square-meter apartment to the income of a dual-income urban household rose from 5.5 in 1991 to 9.4 in 2015, with a peak of 15.4 in 1998 under the influence of the quantitative easing monetary policy instated to cope with the Asian financial crisis (data from National Statistics Bureau, calculated by the authors).

Third, the institutional connection between owner-occupation and the welfare allocation system in China actually makes home ownership a ticket into the public welfare system. Access is arranged through a household registration system known as the *hukou* administration. A *hukou* contains both household information (its members' biological data such as height, weight, name of father and mother) and geographical information. Because the record is linked to a residential location, it can be used in various government administrative procedures, including welfare provision. Since the *hukou* administration is managed locally, the welfare provision associated with a specific *hukou* location is largely dependent on the prosperity and generosity of the local authority where the household's *hukou* is registered. Thus, a person possessing an urban *hukou* has a better welfare provision than someone with a rural *hukou*; and a person possessing a *hukou* from an affluent region has better welfare provision than someone with a *hukou* from a deprived region. Most importantly, when a person or household moves -- from a rural to an urban area for better economic opportunities, for example -- the relocation of their *hukou* registration is constrained and does not move automatically. In the absence of a local *hukou* registration, rural immigrant workers in the cities are faced with various disadvantages<sup>12</sup>. The relocation of their *hukou* registration -- a prerequisite for access to welfare provisions -- often involves moving into a self-owned residential property (to meet one of many preconditions). Thus, immigrants living in the rental sector have no access to government administrative services and welfare services such as public schools, a social security allowance, and a pension<sup>13</sup>. And under China's current housing policy, which prioritizes owners' rights over tenants' rights, rental contracts with private landlords are prone to disruptions and rent increases. In this way, a housing provision biased toward owning and the connection between home ownership and *hukou* registration, as well as discrimination against non-local *hukou*-holders, together make home-

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12 For more research about the *hukou* system and its role in stratification, see Cheng and Selden 1994; Chan and Zhang 1999; Wang 2004,

13 For more information on how *hukou* status constrains immigrants' housing choices, see Wu 2002; Huang et al. 2014; and Wang and Otsuki 2015.



buying the stepping stone to welfare access and turn housing into an unavoidable consumption good for young generations in China.

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### § 4.3 Research design

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Chongqing has been the international trade and administrative center of Southwest China since the 19th century and was the capital from 1937 to 1944. The urban core, Yuzhong District, has been occupied by families established there for generations. They have been employed in the administrative, trade, and service sectors and lived in overcrowded privately owned homes. During the 1960s, Chongqing underwent rapid state-led industrial development. It has established itself as one of the heavy manufacturing centers of western China, with more recent settlers employed in state-owned factories. Since the commencement of economic reform in the 1970s/80s, many immigrant workers from nearby rural areas have arrived and found informal employment in the rapidly rising private sector. As one of the four cities controlled directly by the central state (along with Beijing, Shanghai, and Tianjin) and the only one in inland China since 1997, Chongqing's flourishing economy has attracted many immigrants with high educational qualifications from both rural and urban areas. In our study, we approached all three groups – locals, urban immigrants, and rural immigrants -- because the public welfare systems they have been enrolled in were different. The state workers enjoy the best public welfare benefits and receive state support for educational, career, and housing purposes. The established residents working in the private sector receive fewer resources from the state but can draw upon family resources accumulated over generations. And the new immigrants, those arriving after the economic reform, tend to have little state support (often because they don't possess a local urban *hukou*) and their earning ability varies according to their educational qualifications.

The fieldwork was conducted in the metropolitan area, consisting of nine districts with an area of approximately 500 km<sup>2</sup> and a population of eight million (2010, sixth census). The data was collected in November and December of 2015<sup>14</sup> and 31 participants were interviewed with the help of a structuring guide. An information

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14

Pilot interviews were conducted with participants living in another city, using a similar research method. Of these pilot interviews, one is included in this article due to its relevance and quality. This research participant is listed as case 00. See Appendix 1.

table was used at the beginning of an interview to compile basic information: 1) the demographic and socio-economic status of each member of the extended family; 2) the respondent's housing history from birth, including the time period, location, dwelling type, dwelling size, affordability, tenure situation, and living arrangement for each period of occupation; 3) the payment structure of the first and current (if they are not the same) dwelling, i.e. identifying who pays what percentage of the total value, differentiating between parents and children. The semi-structured interviews also addressed three topics: 1) reasons for each move and satisfaction with each period of occupation; 2) the process of home purchase, particularly who initiated the purchase and how the payment arrangement was negotiated and settled; and 3) the perception of intergenerational transfers, both within the own family setting and in general terms. These interviews lasted from 45 to 75 minutes, depending on the complexity of the story, and were conducted either in Mandarin or the local dialect. Immediately afterward, the interviewer wrote up a short summary of the participants' opinions and relevant non-verbal impressions. All interviews, except two<sup>15</sup>, were recorded and subsequently coded using Atlas.ti 7.0. The participants were given numbers so that they can remain anonymous, and quotations from their responses have been translated from Chinese into English.

The participants were selected by a purposive sampling method on the principle of maximum diversity. First, we targeted and categorized three groups of young people: locals, urban immigrants (who had moved from one urban area to another), and rural immigrants (who had moved from the countryside to the city) (see Appendix 1). Second, within each group we recruited a sample displaying maximum diversity in terms of age, sex, occupation, education, income level, life course, housing and living arrangements (e.g., living independently or with parents; having renting experience or not), and intergenerational transfer experience (e.g., did or did not receive intergenerational transfer; asked/did not ask for intergenerational transfer). In a few cases, both partners of the couple were present and they were registered as one case. Parental participants were recruited along the same lines. We recruited parents with a range of experiences in their own situation, their children's, and with regard to equity transfers (i.e., transferred, not transferred, or not transferred but planning to do so in the future). A minority of the parental participants were parents of the young adult participants and they were interviewed separately (see Appendix 2). Each case number represents an independent interview. Participants were approached through

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15

Case 05 refused to be recorded and the recording of Case 14 failed due to a problem with the equipment. The analysis of these two cases was done on the basis of interview notes. Detailed written notes were taken during the interview of Case 05. For Case 14, some important questions had to be answered again. For this purpose we used WeChat, a social media app that enables voice messaging.

snowballing, starting with personal contacts. This method was used because the topic of this research is both private and sensitive; moreover, recruiting from a pool of acquaintances helps build trust.

We kept on recruiting research participants in these three groups with an eye to variety in other respects until information saturation was reached. At that point, information from participants started repeating itself, and no new themes pertinent to our research questions came to the fore, even when new participants with a different background were recruited. In total, 22 young adults aged from 24 to 41 and nine parents aged from 49 to 60 were interviewed. Eleven of the 22 young participants had received an intergenerational transfer from their parents. Of the nine parents that were interviewed, six had provided an intergenerational transfer to their children (see Table 4.1 and 4.2 for a summary of the research participants and appendix 1 and 2 for more details).

TABLE 4.1 Summary of participating young adults

	MALE	FEMALE	COUPLE	TOTAL	N. TRANS-FERS RECEIVED
Local urban	4	2	2	8	5
Urban immigrants	3	2	1	6	3
Rural immigrants	4	2	2	8	3

TABLE 4.2 Summary of participating parents

	TOTAL	N. TRANSFERS PROVIDED
Local	6	3
Immigrants	3	3

## § 4.4 Results: narratives of parents and children

This section provides narrative evidence of the operation of housing intergenerational transfer in Chongqing, the motivations and possibilities for it, and the reciprocity it entails. We present narratives from the parents first as in most cases the transfer is

initiated by the parents. The next section presents narratives from the adult children in response.

#### § 4.4.1 Narratives collected from parents

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In general, Chinese parents tend to view their equity transfer to adult children for the acquisition of home ownership as an 'advanced inheritance'. They believe their wealth will eventually belong to their children anyway, and their children will be more thankful if they give this wealth to them when they most need it. In some cases, the parents directly put their children's name on the title, even if they have provided (most of) the financing for the dwelling. In doing so, they arrange the bequest in advance and thereby avoid incurring any costs, notably inheritance taxes and administrative fees, that might arise in the future.

*"We only have one child. Our assets will be his sooner or later. Why wait to give it to him after our death? He won't be happy that way." (Case P3, female, 54, housewife)*

*"My wife and I will pass away in the future. If we transfer the ownership in the future, there will be more cost." (Case P5, male, 61, retired as a worker)*

As Gouldner (1960, p171) suggested, the "norm of reciprocity" is in fact not "unconditional." And "the resources of the donor" should be taken into account when evaluating the conditions for gift giving and the obligations of repaying. "Whether parents are responsible to help in their children's home" is conditional upon the parents' financial ability. Parents are believed to be responsible if they "have the ability." "Having the ability" usually means having a good income and assets that are substantial enough to help with at least a share of the mortgage down payment. Many parents make such estimates on the basis of their actual income (this especially applies to state employees, whose wages are fixed), but some parents would even factor in their possibilities to earn more. On the other hand, whether children bear an obligation to support their parents in old age -- to reciprocate for the housing transfer or to ignore their parents because no housing transfer was made -- is also conditional upon the parents' ability at the moment of transfer. If the parents do not have the financial ability to help, they can be considered exempt from that responsibility and still maintain their rights to children's respect and support in the future.

*"I believe that if the parents have the money, they should help their children." (Case P3, female, 54, housewife)*

*"But if the parents couldn't afford it, the children should not push them." (Case P5, male, age 61, retired as a worker)*

In line with previous studies (Ikels 1993), we found that parents who are able to provide help but refuse to do so run the risk of not getting the respect and support from their children they would otherwise be entitled to.

*"[If the parents choose to keep their savings instead of helping in the children's home] they wouldn't ask for children's help [if they need money for health treatment]. Or if they asked but the children refused, they shouldn't blame the children for this." (Case P1, female, age 58, retired administrative staff employee)*

The parents did not hesitate to express their expectations for reciprocity. But they placed emphasis on a "generalized reciprocity" with flexible forms and values based on the resources of the children and on a long period of reimbursement. In the short term, parents mainly look for an emotional return: respectful verbal and physical behavior, frequent communication through phone calls or visits, joint family activities during holidays, etc. Substantial return is explicitly expected only when the parents are in extreme situations. In the case of disability, many parents believe it is the best solution to live in a professional care home and use their own or their children's equity to fund the care.

*"I think my son is quite filial. He calls me quite often. And they come to have dinner every weekend. He cares about me. I think that is enough. Nowadays young people are stressed. We should be considerate." (Case P4, a mom, 61, retired sales employee)*

*"We only have one daughter. All our belongings will belong to her after we pass away. But if we are ill and need money for treatment, she should be the one going out and borrowing money." (Case P6, mother of case 03, 59, anesthetist)*

In the long term, the return can involve care in illness, companionship in loneliness, money in poverty, and so forth. It can also be monetary return in a different amount according to the need of the parents and the capacity of the children.

*"It depends on their ability. If the children are able to help financially, they help financially; if they are able to help emotionally, they help emotionally." (Case P1, female, 58, retired administrative staff employee)*

However, while the absolute amount of giving and returning does not matter, the degree of help offered relative to one's total ability does matter. When parents choose to help their children with "all they can give," they would expect "all they can give" in

return. Vice versa, when parents choose to keep their savings to themselves, they are prepared to cover their old-age expenses out of their own pocket.

*"Your parents helped you with 'all they can give (qinqisuoyou, 倾其所有)' when you were in need, now they need your help and you should help your parents with all you can give." (Case P1, female, age 58, retired administrative staff employee)*

Two strategies are mentioned for using HIT properly to secure reciprocity in children's age support: making a transfer to all children equally, and not intervening in children's personal life. Making equal transfers to different siblings is important because parents don't want to hurt their children's feelings or harm the relationship between siblings. If parents concentrate their love and resources on one child, spoiling this child and hurting the feelings of the others, they run the risk of not receiving any support in old age (Yan 2003, 176-178).

*"We helped a little bit when our first daughter got married. We should do the same thing for the second daughter." (Case P5, female, 55, waitress)*

*"I think parents should be equal, at least publicly, like one of my friends' parents did. Her mother divided her wealth equally into three shares and each of the siblings got one." (Case P3, female, 54, housewife)*

*"We only have one child. So we don't need to, like the families with more than one child, to worry about giving the money to this one or that one? Or about what if the children are not happy with the arrangement." (Case P6, female, 59, anesthetist)*

Some parents draw a clear boundary between the expectation of filial return and interference in their children's life. The former is reasonable and justifiable whereas the latter is not and may even damage the relationship and put the filial treatment at risk.

*"To live close to the parents, to get married, or to have a child or something? Usually parents won't have requests like that. If the parents have such requests, the child won't be happy." (Case P3, female, 54, housewife)*

*"Our motive as parents is just to prevent the man from looking down upon my daughter or putting financial pressure on my daughter. But their life is their life. How they arrange the housework or anything, that is up to themselves." (Case P1, female, 58, retired administrative staff employee)*

Parents with an urban or rural background tend to take different views of their obligations in their children's home and the subsequent reciprocity. Parents who

worked in state-owned enterprises do not consider helping in their children's home as their "responsibility" since they themselves had received little resources from their own parents under the socialist regime. Thus, few parents with an urban background would be willing to make an extra effort to help their children. And they try to persuade their children to set realistic ambitions for their housing.

*"I think [asking parents to provide] a marriage home is unreasonable. When our generation got married, we all lived in the work units' property. We all depended on ourselves and we were never thinking about asking a penny from our parents." (Case P3, age 50, female, housewife)*

*"We do not have the ability to help my son. We are in the salaried class. Our income is limited. So I told him: you aim for what you are able to achieve. If you want to buy a home, you take a mortgage loan and you need to make sure you have the ability to repay it." (Case P4, a mom, 61, retired sales employee)*

However, we should not jump to the conclusion that urban parents provide less support for their children's home. The reason that urban parents think they are not "responsible" for their children's home is because they have already secured a stable accommodation, and also a certain amount of assets, for their children through free co-habitation and will pass on their property in the future to their heir(s).

*"My home is the only thing we can leave to our son." (Case P4, a mom, 61, retired sales employee)*

On the contrary, parents with a rural background tend to believe that they are responsible for their children's home. They also express a stronger motivation to go beyond their current financial ability and actually do so. When necessary, these parents would make an effort to negotiate a loan from other relatives, take an extra job, or go back to work if they were already retired. This is particularly true of new immigrants, in which case the children are the first generation in their family to work in Chongqing and try to settle there. Pooling resources to buy a home in Chongqing is the only means to secure a stable accommodation and a 'welfare nest' in the city, not only for the children but also for the parents. This strong commitment in housing transfer and intergenerational reciprocity holds even for established rural immigrants – those who started as rural immigrant workers but later transferred their hukou to a Chongqing urban hukou through marriage or home purchase. Once their urban hukou has been registered, their access to state welfare benefits still lags behind that of workers in state-owned enterprises, who have a track record of decades of pension contribution. Their earlier experience of hardship and discrimination in the city also make these

previous immigrants more concerned about their future security and more willing to invest in their children's reciprocity.

*"My husband worked in Chongqing for many years. I just came out recently. We need to prepare some money for aging. We helped our first daughter a little bit in their home purchase and we wish to do the same for our second daughter." (Case P8, female, age 58, waitress in a restaurant)*

*"I think a marriage home is necessity. Without a home, my son's life is unstable and I would be worried. This is my responsibility. ... Since I have the ability, I must help my son. I may take an extra job or work harder to get the money." (Case P7, female, 58, manager in a beauty salon)*

#### § 4.4.2 Narratives collected from adult children

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In general, young adults acknowledge and agree to the reciprocity involved in housing intergenerational transfer. In situations where parents paid a substantial part of the housing cost, the two generations tacitly agree that the property is owned jointly, although the children are registered as the official owners. Rural parents who transferred all their savings and who have no income feel entitled to live in the same household as their adult child, with their expenses being paid by these children.

*"After I finished decorating the dwelling, my mom came to live with me occasionally. My dad joined her after retirement. After they got used to living in Chongqing, they sold their property in our hometown.... This apartment, although the ownership is registered under my name, it is also their property." (Case 13, female, 34, designer)*

*"My parents gave me all their money. After the transfer, they moved in with us. And we are also paying for all their expenses. In this way, they own part of the dwelling. They feel more powerful at home." (Case 21, male, 36, business owner)*

Many young adults are aware that by accepting their parents' savings and using it to buy their own home they are obliged to take care of the parents in old age. If they have received financial support from their parents, they see it as their duty to be more filial. Some young adults consider the transfer they received as a reward for their previously demonstrated filial piety and forthcoming filial piety in the future. In such filial families, home ownership is often perceived as a family project.



*“What we spent is actually our parents’ pension money. If we spent it all, then we should take care of the age cost of our parents.” (Case 06, male, 32, administrative staff employee)*

*“My parents didn’t expect more filial duties and I didn’t behave in a more filial way. But that is because we are already very filial.” (Case 06, male, 32, administrative staff employee)*

Some young adults believe it is better not to accept parental help because they prefer to maintain a comfortable degree of filial duties in the future and to protect their autonomy.

*“I think if the parents paid the money, they of course have some discourse rights. ... If you don’t want such intervention, you shouldn’t ask for help from the beginning. There are those young people, they feel stressed. And they are willing to give up something in exchange for help from parents.” (Case 23, female, 28, engineer)*

Adult children agree with the parents that showing filial behavior demonstrates their eligibility to receive transfers for a home purchase. Some of them even make explicit promises or other arrangements to demonstrate their trustworthiness.

*“It depends on the situation of the child, if this child is filial, listens to the instructions of parents. If he works and he needs a home for marriage, and if also the parents can afford it, in this situation, I think the parents can help.” (Case 27, male, 25, self-employed hairdresser)*

*“After I sell the dwelling [my parents helped me buy], I give my parents’ money back to them. This money is theirs after all. I think in this way, they feel safer. If I need this money in the future, I can negotiate with them again. I have confidence. If I am about to use this money for a good reason, they will give me this money again.” (Case 07, male, 31, manager in a department store)*

*“I have this idea of asking for help from my parents to buy a better dwelling for us for a long time. But because my relationship with my father is not very good, I am reluctant to make the request. Thanks to our relatives’ persuasion, we did this. ... My father had requested to add his name as the owner. But I told him it would be costly to transfer ownership in the future and they have to trust me. And I told them, no matter if we sold or rented out our old dwelling, the income would be theirs. In this way, they secured their pension resources and they relaxed.” (Case 04, male, 40, engineer)*

Parents' financial resources serve as criteria on which to determine their obligations in helping in their children's home and to justify their rights to the children's support in the future. If the parents do not have the ability to help, their failure to do so can be excused and would not negate their rights to support. On the other hand, if the parents have the ability to help but refuse to do so, young adults would feel more justified to be 'less filial' than they otherwise would be. This refusal would also affect the degree of influence that parents can exert on their children's lives.

*"If they couldn't help me at that moment, then I would have no home now. I might be unhappy, but it wouldn't affect my filial duty to them." (Case 13, female, 34, designer)*

*"If parents prefer to save for themselves rather than help their children, they should lower their expectations with regard to the help they would receive from young people. The rights and the responsibilities, they should be equivalent." (Case 00, male, 36, associate professor at a university)*

Even those young adults who have received financial help from their parents agree that "in principle it is not good for young adults' independence" to accept parental help. To what extent young people are willing to give up their autonomy in exchange for parental help also depends on the housing market situation. In 2007 and 2008, when housing prices almost doubled and large-scale public rental housing<sup>16</sup> provision was not in place yet, many parents and young adults pooled resources in order to buy a home. However, in 2015, when the interviews took place, such anxiety was somewhat less evident because the housing market was less tight.

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## § 4.5 Concluding remarks and discussion

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So far, this article has presented a theoretical discussion and an empirical case study. At this point, we will use that material to answer our research question: How does

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16 Public rental housing is an emerging affordable housing tenure promoted by the Chinese central government. It is provided by municipalities with secure contracts and rent subsidies. Unlike other Chinese cities, where public rental housing is rare, highly means-tested, and not accessible for immigrants, the Chongqing municipality started to construct massive public rental housing projects in 2011. The high availability of this tenure to various income groups, new graduates, and immigrants makes public rental housing in Chongqing an effective tenure of 'last resort' for young residents. For research on public rental housing, see Chen et al., 2014; Zhou and Ronald, 2016.

reciprocity affect housing intergenerational transfer in the context of contemporary China where the welfare system is not equally distributed among urban and rural residents? Having conducted 31 in-depth interviews in Chongqing with both parents and adult children in 2015, we found substantial evidence that housing intergenerational transfer is actually an exchange of parents' financial support for children's "generalized support" in the future. This exchange, although not usually discussed openly in the course of negotiations, was widespread among parents and young adults. Some young adults had chosen to refuse or not request financial help in order to avoid undesirable reciprocity and maintain their autonomy. However, such a desire for independence would seem hard to sustain after the rapid price inflation in the 2008-09 housing market.

The expectation of return in housing intergenerational transfer is actually a "generalized reciprocity" (Sahlins 1972), as the relationship between parents and children is stable and close. In the short term, parents do not expect financial repayment but do anticipate respect and emotional support. In the long term, parents expect repayment whenever they need it and in any form the adult children are able to provide. Applying the "norm of reciprocity" (Gouldner 1960) in housing intergenerational transfer is conditional upon the parents' and children's financial resources. If the resources of one generation are limited, the parents or children will not be expected to fulfill their obligation to help the other but will still receive the other's support in due time.

Associated with this condition is a distinction in the "adhesiveness" of the intergenerational relationship (Wang 2008) between families with an urban or a rural background. When rural immigrants make transfers and help their child, often a son, buy a home, they move in with the young family and maintain an "adhesive relationship" with the younger generation. In contrast, when parents with an urban background make a transfer, they often maintain an independent residence and do not expect regular financial support. Parents whose background is rural, and among them even those established immigrants who now hold an urban *hukou* and have access to public welfare, have stronger aspirations and behavioral tendencies to help their children in home purchase. In their experience, family members are the most reliable resources for welfare, as these parents rarely receive any support from the state institutions.

Reciprocity in housing intergenerational transfer is known in the UK and Italy too (Heath and Calvert 2013; Manzo et al. 2016). However, while young adults in the UK and Italy perceive it passively, as feelings of "indebtedness" or living in a "gilded cage" that constrain their sense of autonomy, young adults in Chongqing perceive it positively. Taking care of one's elderly parents is believed to be virtuous behavior,

demonstrating a person's trustworthiness. The moral undertone of allegiance to the principle of caring for one's parents over the autonomous life of adulthood is rooted in "filial piety." That ethos comes from Confucian doctrine and has survived a century of revolution. For Chinese youth, receiving or even asking for a financial transfer from their parents is a symbolic gesture. It signals that they are willing and ready to shoulder the obligation to support their parents in the future. It is seen as a demonstration of responsibility, not of weakness or lack of autonomy. The broader welfare configuration is important, though. Families who were accustomed to the "socialist" life feel more troubled about committing themselves to family exchange and reciprocity. In those families, the parental generation lived a life independent of family resources and their children's generation was nurtured in the same mentality.

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