Problems and Countermeasures of Real Estate
De-Stocking under the New Normal

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Abstract. In 2016, the dissolve of the stocks has listed as one of the five tasks of China’s economy and how effectively de-stocking the real estate also becomes a problem of widespread concern under the new normal. This paper first shows current status of real estate stocks and the effects of such the unwanted inventory to the real estate industry and our economy which indicate the urgency of reducing the inventory. At the same time, put forward the difficulties that the government may face in the course of urbanizing the rural migrant workers in order to realize the reduction of real estate stocks and decided to reduce the price of the main body of real estate enterprises as well as the differentiation of inventory structure indicated through a large amount of data. Then put forward the measures about promoting the household registration system and housing system reform that will make the urbanization of rural migrant workers produce good effects to the real estate de-stocking. By the way of response to the national policy of reform the supply side to promote the adjustment of real estate industrial structures and at the same time promote the reform of property tax in the first-tier cities and conduct elaborate managements in the three or four line cities to increase the attraction of migrant rural workers which may truly achieve the purpose of reducing the real estate stocks.

Introduction

In the year 2014, Xi Jinping, the general secretary of PRC, for the first time to put forward the new concept of normality and the new leadership give the comprehensive interpretation of the connotation of the new normal and use the new normal to define the current Chinese economy. The word “new” from the economy of the new normal means that economic growth will convert from high speed to middle high speed and from the element and investment drive to innovation drive. The word “normal” from the economy of the new normal means that the economic structure will be optimizing and upgrading and the quality enhances unceasingly. This kind of dynamic stability is the trend of the development of the real estate industry at present. In the year 2015, our country’s realty business enter into the stage of new normal the growth speed shift from high speed to middle high speed and the downward pressure of economic growth sustained increase. It is a severe challenges that the real estate market is facing the problems of too high unwanted inventories and investment growth to slow down which are restrain the development of the real estate industry. The Central Economic Working Conference hold in December 2015 put forward the economic work tasks of 2016 and take reduce the real estate stocks as the tone of the new year and solve the real estate excess inventory become one of five main tasks of economic work in 2016.
Table 1. The current real estate stocks of China.

<table>
<thead>
<tr>
<th>Commodity housing sales area Month (million square meters)</th>
<th>Commodity housing sales area Year-on-year growth rate (%)</th>
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</table>

Since the year of 2012, the area of real estate for sale rises to a minimum of 100 million square meters every year and the “China housing development report 2015-2016” pointed out that from 2014 to 2015 the commercial housing sales year-on-year change present a “V” type. In February 2015 is the largest sales decline year-on-year, in June the drop by the negative become positive, and grow 7.9% from January to October. During this time the new start working increased by 17% , the construction maintain balance and the completion growth fell by 2.7%, in which with the decrease supply of commercial housing is the enterprise appear shutdown even lead to bankruptcy and make the housing inventories growing rate declined. At the end of 2015, the for sale area compared with last year’s sales area reached the peak of 54% and the excess inventory of commercial housing up to 2.1 billion square meters, including 100 million square meters existing houses of more than 18 months unsold and 1.9923 billion square meters of surplus under constructive houses and the total inventory have reached to 3.996 billion square meters. These data shows that at present China’s real estate market faced with the worst time of the de-stocking task and the current huge amount of inventory has become the largest hidden trouble in the real estate market, and at the same time has important influence on the financial system and the economy.

The Economic Consequences of A Large Number of Unwanted Real Estate Stocks

Impact on the Real Estate Industry Itself

The developers’ excessive investment and the high prices of real estate over the past few years restrain the effective demands and inevitably lead to the result of raising the excess inventories, and therefore, directly affect the development of the real estate industry itself.

In the second half of 2014, housing sales structure emerge a significant change that the sales of existing houses accounted for the whole housing sales rise and the under constructive houses accounted for down significantly. By April 2015, real estate enterprise capital in place fell 2.5% year on year and caused a great impact on the capital chain of real estate enterprise. This mainly comes from the deposit and the advance payment and the decline of personal mortgage loan, as early as 2014, corresponding period of last year have a sharp decline and the rising unwanted inventory of real estate further increased the pressure of developer’s capital recovery account.

A lot of excess inventory lead to the profit ability of China’s real estate enterprise declined obviously and concrete embodiment in the enterprise net profit rate and net assets income rate both appear to drop significantly.

Real Estate Investment Slow down and the Economy Downward Intensify

The rapid development of the real estate market after nearly a decade have lay its importance in the
development of China’s economic and the real estate investment always account for more than 10% of GDP. Since the development of real estate industry that China’s economic growth rate of 1% to 1.5% from the investment of real estate and the investment growth of it have a great impact on macro-economic which the large surplus of housing inventory suppresses the real estate industry investment and the real estate industry as an accelerator of the economy when it has a downside will directly drag the economic growth.

The Problems of Real Estate De-Stocking

In December 2015, the central political bureau conference, the central economic work conference and the central cities work conference officially put forward comprehensive real estate de-stocking and for the first time as the government’s main tasks and goals in 2016. The central economic work conference then puts forward how to carry out real estate de-stocking mainly include: (1) Encourage rural migrant workers into the city to buy a house and promote the urbanization of rural migrant workers that can enlarge the effective demand by the way of let farmers to digest the current excessive commercial housing; (2) Encourage investors to buy commercial housing for rent and encourage enterprises to develop the rental housing as the main business, in which can play a positive role in promoting China’s housing rental market when digesting the urban excess commercial houses; (3) Real estate enterprises also need to play a role in the campaign of real estate de-stocking, by the way of change the policy of housing sales, improve the concentration degree of the enterprise, promote the real estate industry merger and reorganization, appropriate to reduce the housing price to speed up the market cleared and accelerate the money collecting; (4) The local government should to relax administrative control of the real estate market; (5) Clear the direction of deepening reform the housing system and expand the public rental housing to the non-native residents. But whether these suggestions can implement in the actual execution and the problems that exist in the process of should be very worthy of our attention.

The Problems of Urbanization of Rural Migrant Workers in the Measures of Real Estate De-Stocking

The urbanization of rural migrant workers is put forward for the first time in the real estate market and mainly in order to increase the reasonable home-based type of consume-demand to achieve the purpose of reduce the inventory of real estate, and at the same time it is in favor of the new urbanization construction. But the household registration, income and social security are all the questions that should take into consideration, on the issue of the household registration, it may achieve the target of buy house or long-term rental in the place of employment by the way of allow agricultural population have the right of household registration in employment. Said Xu Shaoshi, the director of the national development and reform commission (NDRC), the premise of promote the urbanization of migrant workers is implementation of the household registration system reform, and thus put forward the scheme of implement one hundred million without urban registered permanent residence to residing in city, and meet the needs of the rural migrant workers to buy a house in cities and towns. The solutions of the household registration problem has been on the agenda, but the biggest problem for migrant workers settle into the city to buy a house is the high prices which is still difficult to bear for migrant workers even if the current house prices fell down. Cai Jiming, one of the National People’s Congress representatives have made a conservative estimate that the current inventory of houses cost 500000 yuan per set, while the income of a rural migrant worker for an average is 2864 yuan a month, even if a rural migrant worker family both husband and wife are participate to work that the family total income is 68736 yuan a year. If all of them are used to buy a house, it also needs more than two years to pay 30% of the down payment. So it is necessary to take the purchasing power of the workers into account and strive to improve the income of migrant workers, help to release the housing demand, housing prices also fell to a reasonable interval, middle-income residents can afford a house and the low-income groups can rent a house that can we truly achieve the goal of reduce the inventory. Even if the new generation migrant workers have the ability to affordable a house in the city that there still have a lot of
problems need to consider, such as the problem of employment, public service, cultural life, social security and other aspects whether can meet the demands of the urbanization of migrant workers.

**The Question on how the Government Let the Real Estate Enterprises’ Housing Price down**

Every significant adjustment of policy is the adjustment of the interest relations, the adjustment of real estate policy that the economic work conference proposed is very different from previous, in which it require real estate enterprise to change the housing sales model and lower the housing sales price that was ever mentioned in the past. Lower price is helpful to reduce the inventory but there is no clear rule about whether it is decided by the market or by the government. It is clearly that both the market and the government are have their problems, the government as an outsider of the market do not understand the housing market’s supply and demand and also not sure the range of the housing price and lead the transactions of the housing prices for real estate as a problem. Or let the government to decide the housing prices but it is violate the principle of market economy and if the government pricing is too low that the enterprise may not be willing to sell houses because of the losses, and if local government bear the loss that the government financial burden is heavy and the subsidy ability is hard to realize, even if the government has the ability to subsidize the housing industry it hard to ensure the relevant personnel of government cooperated with the real estate enterprises to obtain additional compensation. Therefore, the local government decide to lower the prices is unrealistic and it is only in the city that have a high house prices will have the meaning and not the city of three or four line because the house prices itself is not high and the profit is very few.

**The Structure Differentiation of the Real Estate De-Stocking**

<table>
<thead>
<tr>
<th>city</th>
<th>sequential price</th>
<th>year-on-year basis price</th>
<th>average price of sample (yuan/square meter)</th>
<th>median of the sample price (yuan/square meter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shen Zhen</td>
<td>5.24%</td>
<td>44.98%</td>
<td>44823</td>
<td>42500</td>
</tr>
<tr>
<td>Nan Jing</td>
<td>1.88%</td>
<td>8.90%</td>
<td>15036</td>
<td>15000</td>
</tr>
<tr>
<td>Wu Han</td>
<td>0.80%</td>
<td>16.62%</td>
<td>9051</td>
<td>8650</td>
</tr>
<tr>
<td>Guang Zhou</td>
<td>0.59%</td>
<td>-2.10%</td>
<td>17158</td>
<td>13500</td>
</tr>
<tr>
<td>Hang Zhou</td>
<td>0.57%</td>
<td>0.36%</td>
<td>16278</td>
<td>15000</td>
</tr>
<tr>
<td>Shang Hai</td>
<td>0.34%</td>
<td>14.82%</td>
<td>37062</td>
<td>30000</td>
</tr>
<tr>
<td>Bei Jing</td>
<td>0.30%</td>
<td>8.25%</td>
<td>35086</td>
<td>29150</td>
</tr>
<tr>
<td>Tian Jin</td>
<td>0.20%</td>
<td>4.76%</td>
<td>11021</td>
<td>9100</td>
</tr>
<tr>
<td>Chong Qing</td>
<td>-0.31%</td>
<td>-3.43%</td>
<td>6964</td>
<td>6470</td>
</tr>
<tr>
<td>Cheng Du</td>
<td>-0.71%</td>
<td>-3.08%</td>
<td>7720</td>
<td>7500</td>
</tr>
</tbody>
</table>

Data from the price indices of one hundred cities of China Index Academy

From the above table we can see that the house prices staying at a high level in 10 cities including Bei Jing, Shang Hai, Guang Zhou and Shen Zhen, and the new housing average price is about 20736 yuan per square meters and is up 0.54% in December 2015 and the increase was down 0.60% compared with the last month. It is shown that the price of front cities are still stay at a high level while the three or four line cities are face at the imbalance of house supply and the huge demand. Therefore, the pressure of China’s commercial housing inventory mainly concentrated in the three or four line cities and the tier one and tier two cities relatively have small inventory pressure and thus the work of de-sticking should focus on the three or four line cities. But the opportunities for employment in the three or four line cities are seldom and even if a policy promoting the urbanization of rural migrant workers that their willingness to buy a house also not strong. At the same time, they have to face the high commodities prices, high housing prices and
high consumption levels of the first and second tier cities make they live a life of high pressure and let alone to buy a house. In addition, because of the high debt of the first and second tier cities, fiscal revenue pressures and the limitation of registered permanent residence that the rural migrant workers faced many difficulties in finance, residence registration and barriers to entry. And above all, even if can solve the housing problem of rural migrant workers that the limitation of peasant workers’ own cultural quality make it is difficult to find a stable career in city and in turn bring a certain extent of pressure to the city.

The Suggestions to Improve the Problems
The Relevant Policies should in favor of the Citizenization of Migrant Workers
The preconditions for rural migrant workers into the city to buy a house and realize the goal of de-stocking are the perfecting of relevant supporting policies and accelerate the reform of household registration system and housing system, and at the same time further easing the loan policy and fiscal policy. The household registration system reform is the key to the citizenization of migrant workers. Only when migrant workers got the urban household can be real citizens. Migrant workers can obtain the equal employment opportunity and enjoy equal service. China can become the new-type urbanization essential. The household registration system reform for rural migrant workers into the city in a more easily way is that a huge demand for housing, to approach the purpose of resolving real estate stocks. Promoting the reform of the housing system that can meet the needs of the new citizens. Further perfect the commodity house, the security housing and the supply system of purchase and rent, take the rural migrant workers and the migrant workers into the provident fund system of the security housing, and the governments buy the commercial housing inventories of three or four line cities to transform it into the public rental housing and the security housing. Meanwhile, encourage the rural migrant workers to the cities of low consumptive level and have the larger unwanted inventories to employment and buy a house and the government can provide them with the right job opportunities and provide the corresponding technical training. So they can have a better life in the city and can afford to buy a house under the corresponding preferential policies to play the effect of de-stock the inventory of real estate. Housing price is one of the most concern questions for migrant workers who have a willing to purchase a house. Therefore, government need to give a tax and financial support, in order to give a subsidy of buying house in appropriate proportions when they purchase first set of commercial residential building.

The Real Estate Enterprises should Adjust the Supply Side
The real estate enterprises should clear see that the golden age of the real estate industry has passed and the supply and demand has been reversed. The current real estate industry has entered the new normal and complying with the rules and trends of the real estate market to do market research and recognize the existing inventory to further adjust the supply side. it is time to stop the blind build of luxury buildings and concept development project and provides the housing that can meet the needs of the consumers. Therefore, it is important to clear the demand of basic living of rigid, improve types and the high-end products to provide people with really need housing types. The real estate enterprises to adjust the supply side will do favor of the de-stocking but the structural differentiation of the real estate mainly caused by the uneven economic development and the social governance. Strengthening the fine management of three or four line cities and improving the quality of the citizens and encouraging the enterprises and citizens to participate in the construction of urban cities through a variety of ways to enhance the rural migrant workers’ willingness to buy a house. To set uptowns with jobs and relative perfect public facilities as well as the residential environment outside the super attractive first-tier cities.

Combine the Reform of Real Estate Tax with the De-Stocking
The main problem of high prices in some major cities is that use the real estate to speculation and the investors’ good expectations about future price makes the house prices continue to rise, with a
lot of money swarm into the real estate market that the housing prices will be pushed higher and appear irrational rise. To the cities that with a high price should take measures to strictly separate the self-living house, rent house and used for speculation and use the tax system to limits such investment of real estate. The levy of personal housing property tax increase the holding cost of the speculators who have many sets of real estate and can’t reach the expected earnings that the speculators will sell or rent out the property and to the person who plan to buy property used for speculation also may apply the purchase money into other areas or in a wait state rather than rush to buy real estate because of the housing property tax he will paid. Eventually, the speculative demands descend and for the rigid demanders who just need a set of self-used houses are not in the scope of the property tax and their demand for housing will not be affected. By this way, the city’s housing prices will be lower and return to rationality. Only the price of housing descend that can effective promote the urbanization of rural migrant workers and they can buy a house belong to themselves and across the threshold of high prices. Just as the representative of the National People’s Congress has said, reduce the price when want to de-stocking.

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Study on the Responsibility Value Goal of the Risk Society under the Perspective of Economic Law

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Abstract. The rapid development of the society and economy leads to ubiquitous risks, and the risk society has become a feature of our times. Facing various risks in today's society, roles played by all kinds of main bodies in the society also change gradually. Under the perspective of economic law, analyze each main body in the risk society, define their responsibilities so as to actively prevent and respond when risks occur and to share their respective responsibilities, strengthen the risk consciousness of the citizens, define leadership responsibilities of the government and enterprises, which is of important practical significance.

In the process of social development, risks are ubiquitous all the time, especially in this day with highly developed economy, risks are everywhere. At present, big risks are climate warming, air pollution, terrorism and so on, while small risks are transport, food, financing and investment and so on. In the environment where risks take place frequently, people's values also profoundly change subsequently. Today's society has already been a risk society, and social responsibility value needs to change accordingly with the condition of current era and the development of economy. It is necessary to study the responsibility value in the risk society under the perspective of economic law [1].

Definition of the Risk Society

Different scholars differ in the definitions of the risk society, for example, Baker regards the characteristics of modernity as those of the risk society, while Giddens analyzes modernity to introduce the time-space characteristic. In his view, compared with former modernity, the modernity has the most obvious difference that it will gradually have faster pace and wider scope along with the social development, and will have an unprecedented profoundness. These are two common interpretations. In addition, there are some other ways of understanding, and the first one is to understand from realism whose representative is the "new risk" theory from Lau. The theory holds that the emerging of the risk society is due to the appearance of some new risks, such as racial discrimination and polarization between the rich and the poor, as well as some social disasters caused by other emergencies. The second is to understand from cultural meaning, which believes that the emergence of the risk society represents people have a more profound understanding of risks, for example, Van Preetweitz puts forward "disaster paradox" and Rush proposes "risk culture". Besides, there is one theory which is to comprehend from the perspective of institutionalism. This theory thinks that the early modernity is mainly to solve some risks generated in the traditional society, and there are some new risks when solving these risks, so it is the mutual accumulation of these risks that leads to the so-called risk society at present.

In general, the risk society means that in the developing process of globalization nowadays, human activities bring some global risks to the society, and at this stage of development, these risks will bring serious threats to human survival and development.

Value Connotation of Economic Law in the Risk Society

Under the condition of the risk society, the value connotation of economic law changes along with the change of the condition.
Rational Control Order of Economic Risk with Standard of Society

Under the condition of the risk society, the key of the order value of economic law is still in the development of social economy, and the society is regarded as the standard. Economic law is mainly to make overall planning and regulation for the economic field, and focuses more on the control of the economic order in the risk society. The economic order carries out macro-control for the economy and the planning of the massive structure, that is to say, it maintains the overall economic structure of the society from the perspective of standard of society. The risk control order can correctly deal with the relation between the individual and the social economic risk, so as to create an open, interactive order of risk control.

The rational control order of economic risk pays proper attention to the economic risk undertaken by individuals, argues that the individual has the right to avoid the risk, gives a certain degree of freedom to individual economy, stipulates that powers of others and the public are not allowed to be damaged, and forbids to harm the overall economic order of the society and to transfer one’s own risks [2].

Enhancement of the Efficiency of Social Economy Can Control the Risk of Market and Government Failure

In the process of national macroeconomic regulation and control, some measures put into force by the state always cannot directly promote the enhancement of enterprise production efficiency and the optimized allocation of the market. In fact, the appropriate market competition is the effective measure to improve efficiency. Economic law controls the risk of market failure through macroeconomic regulation and control, and punishes unjustifiable competitive means in the market to ensure the normal operation of the market.

After the implementation of economic law, the state effectively reduces the risk of market economy brought by market failure through the institutional improvement for the function of economic adjustment. But after effectively controlling the economic risk brought by market failure, the state faces the economic risk brought by government failure again, which increases the uncertainty of the market economy risk. The emergence of government failure is caused by wrong guidance and decision-making of some people under the condition of national economic intervention. The risk of government failure doesn't mean less state control for the market. Actually, these risks are often caused by the vision for market regulation and control. After the financial tsunami, the types of knowledge are relatively complex, and people tend to become confused about what to do in the face of new knowledge and information, so they cannot find information which is beneficial for them in the great deal of information [3]. Therefore, people must strengthen the cognitive ability for risks, increase the alertness of market failure and government failure, so they can effectively control the economic risk to realize the improvement of social economic efficiency.

Fair Value Gradually Transforming to Risk in the Risk Society

One of the main characteristics of the industrial age is goods distribution. Nowadays, the fair value represented by economic law transforms from the interest aspect to the risk aspect in the risk society. In the risk society, economies in every country in the world mutually fuse and develop into an organic whole. As long as one of the countries goes wrong, the global economy will be affected. In the risk society, economic risk has crossed the border and the race. In front of the financial storm, any country and any enterprise cannot be self-dependent. Billionaires and poor wage earners all face the same risk. Therefore, on the arrival of the economic risk, fair value is no longer of interest distribution, but to bear the risk and assign the corresponding obligations.

Analysis on the Undertaking Problem of Responsibility Value in the Risk Society under the Perspective of Economic Law

Under the perspective of economic law, the advent of the risk society makes the society faced with the undertaking problem of the social risk. So, how to allocate the risk and how much
responsibilities every organization should undertake is the key problem which should be considered by the risk society.

The Government Organization Plans to Reform the Responsibility Mode of Bureaucracy

At all times, the government is always the international and social focus and also the most authoritative institution. Therefore, in the risk society, the government should play a leading role and fully assume corresponding responsibilities and obligations to set an good example to other organizations and units.

For a long time, the bureaucracy is the main formation of the government organization. It refers to a management mode established on the basis of law and reason with subordinates supervised by superiors, and it is to manage and allocate things according to the strict regulations. It has some features such as hierarchy, regularization, professionalization and centralization. First, hierarchy is the hierarchical division between government agencies carried out in accordance with the power level. In each level, rights and obligations are different. Second, regularization means staff in the government agency will not be affected by personal feelings when handling related issues but in strict accordance with rules and regulations. Third, professionalization is different government departments have different rights and handle different issues, so different positions require different professional talents. These workers obtain the corresponding jobs by virtue of professional abilities. Fourth, centralization means in the bureaucracy system, government departments carry out division of labor and use their power to command and coordinate. The responsibility mode of this kind of bureaucracy gradually shows some inadaptation in the risk society and lacks flexibility. Therefore, there are all sorts of difficulties when dealing with issues, which often makes things become more and more complex for civil servants. Therefore, the government plans to reform the responsibility mode of the bureaucracy.

Strengthening Citizens’ Consciousness of Risk Responsibilities

In today's society, risks are everywhere. But when risks occur, people often cannot put them at the right place. When risks arrive, people often become anxious and disoriented. Especially in modern society, people face all kinds of pressures some of which come from work and others come from family. The dual effects of these pressures often make people lack sense of security, which will increase the risks faced by the whole society to a certain extent. Besides, citizens often lack risk consciousness and the ease of life often makes people lack awareness of unexpected development so they can't make prevention for risks. It’s quite adverse to the risk prevention for the whole society, so the whole society should conduct active participation and citizens’ consciousness of risk responsibility should be strengthened.

Actively Sharing Social Responsibilities by Enterprises

Enterprises are the main part equipped with rational decision-making. For them, profit is the foundation depended on by enterprises for survival and development, and only when they achieve profit can they have long-term development. But in the actual situation, in order to achieve their own development, enterprises often violate moral rule and ignore the health of consumers to make some unqualified products and be adulterate, for example, the leakage of pesticide storage tank and the issue of Sanlu toxic milk powder in India. After these incidents take place, the first thought of enterprise leaders is not to compensate the victims but to shirk responsibility. After the happening of risk events, to shirk the undertaken responsibilities and to be unwilling to take the initiative to assume them will greatly damage the image of the enterprise. Therefore, in the risk society, enterprises must strengthen the training of risk awareness, and each department should assume corresponding responsibilities and share together after the occurrence of risk events, rather than only punishing the inessential people in charge of the event.

Risks are uncertain, but their occurrence is closely related to people's choices. In the risk society, responsibilities to be undertaken by each organization and each institution should be clear and the corresponding responsibilities should be divided, and they should share responsibilities together after the occurrence of risks and define the responsibility system.
The government is the organ of authority and the decision-making organ in the country, so it should take the lead and guide actively, take the initiative to assume the corresponding risk liability, and take precautions to actively prevent and control the possible risks. Then, the main parts of the society include individuals and enterprises apart from the government. Therefore, all kinds of corresponding social forces should be cultivated to assume social responsibilities. Enterprises play an important role in the market and are the main force to promote economic development. Enterprises should strengthen risk prevention awareness, carry out systematic training for workers, positively respond and take the initiative to assume corresponding responsibilities when risk events occur. Individuals are the important part of the society and citizens’ consciousness of risk responsibility should be strengthened. Under the condition of ease, they should guard against risks, and make active response calmly [5].

Under the perspective of economic law, define the main bodies of responsibilities in the risk society, divide responsibilities among each main body, and share responsibilities together to prevent and control risks.

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