

# Lives in the Interstices: The Underground Market of Fraudulent Public Housing Access in China

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In 2008, to mitigate the impact of the global financial crisis, the central government of China introduced a Keynesian policy package aiming at stimulating consumption and sustaining economic growth. At the top of the policy list was to speed up public housing construction,<sup>1</sup> which was long-awaited due to the severe affordability issue in the housing market of urban China. In the following years, Chongqing stood out as a well-known success and exception in establishing a public housing regime that looked highly inclusive and egalitarian as part of its populist agenda. While almost every urban municipal government in China restricts welfare provision to only citizens with local urban “hukou” status,<sup>2</sup> Chongqing’s new welfare regime claimed to accept applications from all who held a stable job in Chongqing. The standard of “stability” was at first defined but further informally relaxed in practice. A decade later today, many cities have attempted to mimic Chongqing’s policy, but Chongqing’s public housing regime remains the single most inclusive one in China.

However, rarely known to the journalists and scholars who praised the “Chongqing Model,” familiar to the Chongqing locals, was a large-scale underground market where brokers helped applicants obtain public houses regardless of their true eligibility. The brokers either produced or purchased forged documents and then bribed the administrative clerks to let the forged documents pass eligibility checks. Chongqing’s neighboring province, Shaanxi, only seconded Chongqing’s enthusiasm for a highly inclusive public housing policy despite less publicity. Its provincial capital, Xi’an, has established a similarly widely welcome public housing regime, also parasitized by an underground brokerage market highly similar to that of Chongqing. Intriguingly, except for the

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<sup>1</sup> Memo of the State Council of China’s executive meeting on Nov. 5, 2008: [https://www.gov.cn/ldhd/2008-11/09/content\\_1143689.htm](https://www.gov.cn/ldhd/2008-11/09/content_1143689.htm), accessed on Nov 15, 2023.

<sup>2</sup> Local hukou status is normally granted either on birth or to those who have been a taxpayer to local government for years.

two most inclusive public housing regimes, no other regime accommodates such a large-scale underground market of welfare fraud. This curious phenomenon of the apparent symbiosis of inclusive welfare regimes and active underground markets of brokerage calls for explanations.

To understand the phenomenon, I conducted fieldwork and interviews with brokers, applicants, and administrative clerks, in Chongqing, Xi'an, and online. I have identified the key element to be knowledge, in that such inclusive public housing regimes attempt to make interventions in the informal sectors without proper knowledge of it. They eventually lose control over their policy due to the lack of knowledge and thus lack of control. Such a phenomenon can be understood best through the perspective of interstitial space. More importantly, the empirical data have drawn a richer picture and called for a shift of focus in the framework of interstitial space. Following the state's ignorance of the informal sectors and loss of control over its policy is the unintended exclusion of informally employed lower-class migrants and their attempts to be included again. Their social relations, especially employment relationships, are often invisible to the state during the bureaucratic processes of public housing applications. While sociologists have explored the interstitial space as breeding opportunities for potential challengers to the institutionalized powers, the conditions of the powerless residents of the interstitial space have been ignored in the theoretical discussion. This study intends to fill the gap by incorporating formality and visibility into the framework of interstitial space to account for the outcome of "not being seen by the state."

In conclusion, I intend to show that very interstitial nature has excluding and stratifying effects on the powerless dwellers of the informal world. Exclusion results from formality's dominant role in deciding who is visible and thus admissible to the bureaucratized spheres. Stratification is reinforced when the lower classes must resort to costly, unconventional, and sometimes illegal means to navigate the bureaucratic systems, even those aimed at alleviating inequalities. Paradoxically, the market, which is to be crowded out in the first place, predetermines individuals' visibility by placing them in differently formalized positions according to the market value of their labor and offers the excluded a way back at extra costs.