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# Confrontation and Integration: An Analyze the Mechanism of Rights Transformation in Urban Renewal from the Perspective of Space Theories

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ABSTRACT

As one of the subjects under city-related discussions, locality carries significance in the dimensions of both political and economic space. Western researches have brought about various arguments based on theories of human geography, particularly in the area of urbanization. Taiwan adopts urban renewal as an important approach of revitalizing cities. In view of space theories, multiple political and economic confrontations have occurred during the process of spatial differentiation and reproduction. The analysis on the social phenomenon derived from the urban renewal in Taiwan, China from the perspective of political and economic space, taking into consideration of the correlation between capital and rights, suggests the ongoing development of a new growing pattern of cities under the contention or collaboration among industrial, governmental and academic communities.

## 1. INTRODUCTION

When Lewis Mumford, the U.S. scholar of urban study, asked "what is a city?" his attention was principally paid to the large-scale renewal and transformation in western countries that had been occurring since last century, especially the substantial increases in the quantity and dimension of cities after the industrial revolution. At the time when the question was proposed, both New York, U.S. and London, the second largest city of U.K. accommodated merely 8 million residents. The two places have now grown into megacities where permanent and floating populations

add to tens of millions of inhabitants.

A city refers to the market settlement where businesses and trades are conducted. It is the combination of culture, conflicts, consumption and community awareness. Most Chinese researchers in the field of urbanization prefer to distill applicable patterns from the experiences of other advanced countries. Attention and discussion onto such experiences and characteristics of cities seem to have been long insufficient, particularly the connection between public policies and cities, which constitutes a key element of urban development, and the role that cities play in political and economic spaces in the rage of a single city and larger. Studies from the perspec-

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tive beyond commercialized space can lead to different opinions. However, it is an undeniable difficulty for two cities, even situated in the same territory, to establish identical structure of political administration. The varied autonomies and rights of local municipal governments also form a challenge to comparative researches.

The review on existing academic works invites us to wonder: why do researches on land issues and policies consistently focus on the allocation of appreciation interests and strictly confine themselves to the domain of logical positivism to such a degree that they are barely able to go beyond the horizon of economic thinking? Hence there is a necessity for theoretical reflections in order to expand the scope of land research subjects. Theories are made of obscure and insipid language; they are carefully chosen and presented self-advertisements of knowledgeable experts and scholars before they receive the public recognition, whereas applied repeatedly in daily activities by us urban residents. For instance, you can find the familiar subway map as soon as arriving at the airports in Beijing, which simplifies the complex engineering system into succinct lines and shortens the journey between the city and the suburbs. Therefore, daily life may remind us about the plentiful theoretical perspectives to understand a city and reveal the benefits that the urban space can achieve in the process of the commercialization.

The dissertation is consisted of four parts. The first part organizes and divides theories regarding the commercialization of urban space into space justice theories and urban social movement theories. The second part discusses the development of space value. The third part provides case studies. And the last part concludes the study with a redefinition of current problems in land policies.

## **2. Case Study: Urban Renewal in Taiwan**

### **2.1. Spatial Restructuring: Emergence of Rent Gap**

The rights transformation system of the urban renewal in Taiwan is the improved Japanese counterpart in combination with two land development patterns, respectively the land consolidation and the zone expropriation, intended for land control. In order to resolve the shortage of financial resources, the policies include the Additional Building Bulk to attract the cooperation of developers and the Tax Relief to encourage the public participation into the renewal. The two elements mainly aim at the realization of more efficient urban renewal to enhance the willingness of engagement.

Compared to the development of open lands without construction, urban renewal is much more complex and difficult. The region to be renewed is situated in mature downtown area featuring the commercial congregation and over-ground buildings that accommodate indefinite users, who can be owners or tenants, and require negotiation with banks in the case of any outstanding loan. It is conceivable that the urban renewal of established regions is far more complicated and challenging than the new development of suburbs, in particular the labor and time costs necessary for the negotiation and integration that are almost impossible to be measured by money.

The spatial restructuring process of urban renewal touches upon three essential elements, namely people, capital and lands. The comprehensive participants of an urban renewal are consisted of the land owners, owners of legal constructions, other obligees and implementer (the developer) who are related to the designated reconstruction zones of the unit to be renewed. The four groups can be collectively called "obligees". With respect to the capital, the actual key operation and core technique of rights transformation lie in the sector of value assessment, which has a bearing on the distribution of economic values and political interests generated during the spatial restructuring by all participants. In the most lucid language, rights transformation refers to the process that the owners provide buildings and lands while the developer offers capital and professional expertise.

For the ease of understanding, there is a further elaboration. As suggested in Figure 2, the left part containing mansions, stand-alone buildings, lands etc. represents the condition before the restructuring. The difficulty of collective activities among obligees and the shortage of fund impede the coordination and integration of these items by any single party and hence provides the developer with the room and opportunity to initiate the negotiation and renovation. All the expenditures incurred during the negotiation and renovation should be advanced by the developer. The right part shows the orderly buildings after the renewal. The allocation of ownership among the developer and each obligees depends on the relative proportions of the property/land values and the advance payment before the renewal. The data sources and accuracy regarding the necessary expenditures in the process of reconstruction attribute to the contention for political and economic spaces arising from the value added during the spatial restructuring among the original owners who receive the information feedback.

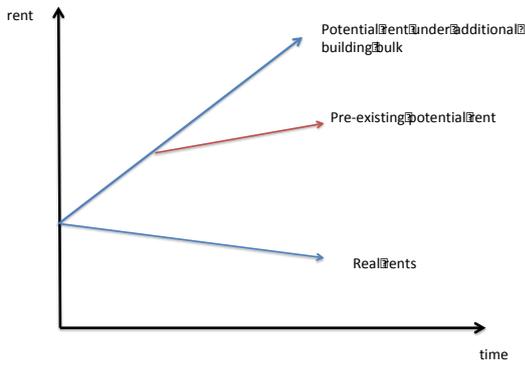


Figure 1. Rent Gap

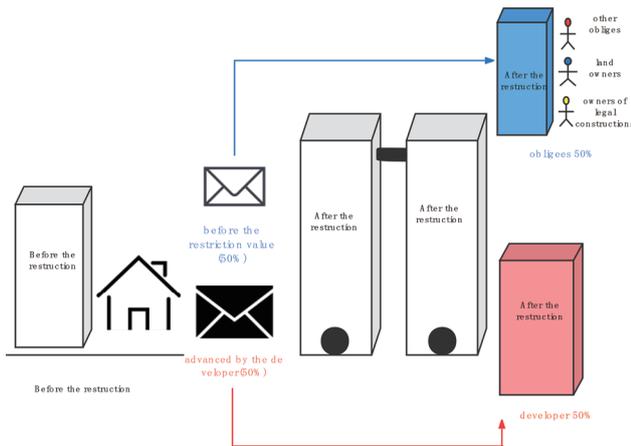


Figure 2. Concept of Rights Transformation

As for most of urban renewal cases, the dismantling and reconstruction serve to revitalize the lands as well as enhance the rents and prices. Meanwhile, the appreciation of economic spaces leads to the enlarged rent gaps, since agglomeration economy, namely the difference between real rent and potential rent (Figure 1), is easier to develop in valuable positions. After a period of operation, the land price often rises more than expectation thanks to the talent and industrial cluster effects, and the rent gap—disparity between potential rent under additional building bulk and real rent—widens.

## 2.2. Political Space: Emergence of Rent Gap

The trickiest problem in the rights transformation lies in the sector of value appraisal. According to the Operations of Value Appraisal in Rights Transformation of Urban Renewal, the appraisal company should be commissioned by the developer. It is particularly important to notice that the selection and assignment of appraisal company is at the developer's discretion. There is no applicable abstention regulation. The designated appraisal company is handicapped by the developer with respect to the choice of price and subject to the developer's decisions on the ap-

praisal method and ratio of value exchange. The common residents are the passive recipients of the results. Following Table 1 and 2 show the examples of how value of right is calculated:

Assume that the A's right to the land before renewal is worth ¥5 million, the rights of all owners to the unit to be renewed are worth collectively ¥50 million. The proportion of Obligee A's land right value before renewal in the aggregated value of all land rights before renewal is: 5 million / 50 million=10% (as is shown in Table 1).

Table 1. Conversion of Right Value before Renewal

Value of Obligee A's land right before renewal (¥)[A]	5 million
Aggregated value of land rights before renewal (¥) (total value of all land rights in the unit to be renewed) [B]	50 million
Proportion of Obligee A's land right [C]	10%

Assume that the total value of due constructions and lands is ¥150 million. The shared expenditures total 60 million. The due part of constructions and lands that belong to Obligee A is worth:

$150 \text{ million} * 10\% - 60 \text{ million} * 10\% = 9 \text{ million}$  (as is shown in Table 2)

Table 2. Conversion of Right Value after Renewal

Total value of due constructions and lands after renewal (¥) [D]	150 million
Shared expenditures (¥) [E]	60 million
Value of the due part of constructions and lands belonging to Obligee A after renewal (New Taiwan Currency) [F] = [D] * 10%	15 million
The part of shared expenditures apportioned to Obligee A per his/her proportion of land right value after renewal (¥) [G] = [E] * 10%	6 million
Actual receivable value of Obligee A after renewal (¥) [H] = [F] - [G]	9 million

The shared expenditures in Table 2, if over appraised by the appraisal company, can lead to lower value to be received by Obligee A after renewal. In other words, the appraisal and adjustment of the shared expenditures constitute a black case work to the unwitting land owners for it's a secret between the developer and appraisal company. Furthermore, the undertaking of an urban renewal case generally takes five years, exposes the developer to potential risks and uncertain costs, and generates the officially given profit margin of merely 12%-15%. As a result, the conversed right values often reflect the risk exposures, namely developer tends to manipulate the estimated Construction Cost to increase the shared expenditures, which means higher apportioned costs and lower receivable values of the common obligees. The resultant interests attract contention between economic and political spaces.

### 3. Elaboration of Commercialization of Urban Space

#### 3.1. About Space Justice Theories

Urban renewal is an important method of transforming and developing a city. Based on the Marxism, a commodity is any exchangeable good, service or property produced by human labor. Accordingly, it can be inferred that land is the abbreviation of commercialized space, since the ownership of certain land is attached with the right to sell or rent out the land and the opportunity to gain more profits under the system of private property. Thus urban system builds on relations of production that compose a complex network integrating the labor relations of city residents and commuters with the production costs and labor capital developed for profitable exchanges. In the meanwhile, all the factors of production—land, labor and capital—are within the time frame of the laborer. The development of city can be explained as the ability of investors to extract rents from the boosting appreciation interests of urban space, so that the rents of suburbs or farmlands close to the downtown area are higher than average.

Harvey's discussion around the concepts of space and commercialization also interprets lands as assets that can be exchanged on market. The idea was further applied to the study on how Baron von Haussmann of the Napoleon III's Second Empire dismantled and rebuilt the urban structure of Paris. Manufacturing businesses set up on extensive and inexpensive lands can facilitate the large-scale immigration of workers to new suburb settlements outside the city. What's more, Harvey stated that "the history of capital urbanization is at least partially the history of the geography of the changing labor market."<sup>[1]</sup> The superior location of lands adjoining to cities (including farmlands of considerable soil fertility) have been attracting high rents that support the value-adding renovation of existing buildings or the construction of passable roads/railways on such lands, as well as the further development of industrial zones that can give rise to advantageous real estate markets by generating needs and distributing labors in relevant regions. Massey, the established geographical economist, agreed to such an idea and noted that "spatial distribution can be deemed as the result of the production organization in the space." With respect to the factors of production, she expressed that "production is actually a social process."<sup>[2]</sup>

In order to figure out how production spaces are organized in a city, you can imagine the concentrated space that Ford used to occupy in Detroit during its early stage. Such an extending mode of production space represent

one of characteristics of the gradually integrating global division of labor.<sup>[3]</sup> For researchers of urban economics, it reveals that, according to the principle of comparative advantages, certain urban region can create urban economy by its superiority of location and labor market in particular services/products, logistics distribution, sales pattern, etc. However, note that a city of monolithic economy is vulnerable to change of demands or regional economic decline. At such point, national government plays the important role of wire-puller in the economic restructuring.

Harvey's emphasis on the key location of urban capital reproduction can be viewed as another Marxist analysis, which leads to the conclusion of Castells that the city is also designed for reproduction and aggregation of labor forces. Furthermore, Casterlls's study extends the focus of urban reconstruction to how to link the political movements of urban collective actors to the dependency of city residents on public properties and social services.<sup>[4]</sup> Such a locational orientation of consumption stresses the relation between the market position and residents' consumption level and social status, and is significantly influenced by Weber's industrial location theory. Nevertheless, the 1980s research of Casterlls shifted its concern from city's role as the production and consumption approach to the greatest controversies around the locations in urban environment, including those in respect of the general social, economic and cultural conflicts, and hence produced the innovative atmosphere. The awareness to comprehensive effects in such a spatialization resembles the feature of aggregated economy. The transition of cities can be interpreted as the aggregation and movement of people and wealth, hence the imaginary metropolis is necessarily intertwined with the perquisites of material production and reproduction.

The urban renewal/transformation in recent years is somehow a spatial restructuring. Sandercock and Berry (1983) observed the Australian real estate market from the perspective of political economics to identify what exactly so-called interest groups could acquire from it.<sup>[5]</sup> Youson, Jianfeng et al. looked into the interest relations among the government, residents and developers. The results proved the highest priority of residents' interests and suggested that urban renewal should not only ensure the continuous development and completion of such process but also maintain the harmony and stability of the society and take into consideration the expected revenue and renewal cost of the developers.<sup>[6]</sup> Conversely, the ossified household system under the policies and system of erstwhile planned economy in China essentially partitions the political space on the level of system and rights by dividing citizens into agricultural and non-agricultural populations, hence reveals the imbalanced development between people and

space. The elimination of residential separation between urban and rural regions as well as the resolution of the inhabitation problem of Chinese population necessitate the bidirectional flow of elements, which allows the prosperous and contented life of urban migration. In general, the discussion of spatial justice aims to bring about the solutions to the ongoing crises in urban space and enable the full play of the latent capacity of people living in the space.

### 3.2. Discussion on Urban Social Movement Theories

urban renewal often creates not only environmental problems such as demolition waste, but also social problems such as destruction of existing social networks and the fabric of long-established communities.<sup>[7]</sup> As the urbanization process accelerates, the emergence of various problems in Chinese cities, such as spatial development crisis, inequalities in wealth, city crimes and urban diseases, has put urban renewal into a multi-facet dilemma and resulted in social movements. Urban renewal often creates not only environmental problems such as demolition waste, but also social problems such as destruction of existing social networks and the fabric of long-established communities.<sup>[7]</sup> Castells believes that urban social movements are collective activities that mainly intend to transform and innovate the meaning of city. According to his opinion about the social meaning of places in the past, due to the connection between people and where they live was cut by urban leadership in pursuit of interests, local residents were deprived of the right to choose city and its inherent social meaning or even forced to become destitute and homeless. The development mode was so controlled by leadership that residents could only rebuild the people-place connection through collective activities<sup>[8]</sup>. Freudenberg and Steinsapir propose that the custom of governments and businesses to convert political events into sci-tech issues drives them to seek professional consultancy instead of public participation when trying to find solutions.<sup>[9]</sup> Such a theory was confirmed in Zhang Mengqiu's case study on the urban renewal of Taipei with the purpose of exploring the social movements developed in urban renewal, which discovered that the engagement approach of renewal participants depends on their behavioral pattern and that the ultimate social movements arising from the overall renewal event impose effects on the society at large.<sup>[10]</sup>

Cornor points out that, while the stakeholders of an urban renewal are composed of local residents, real estate developers and low-income group, the latter two as its real beneficiaries tend to be overlooked by the local government and in developing countries, hence social contradic-

tions emerge.<sup>[12]</sup> An urban renewal often involves extensive house removal, which can give rise to destruction of social network and local characteristics. More and more people have noticed that the protection of traditions during the reconstruction of old urban districts has significant influences on the improvement of the status, identity and development of the community.<sup>[11]</sup> Therefore, if we take the view of general public, protests—the most direct expression of grievance—initiated by the excluded citizens in the democratic decision-making process when their city is being transformed signify these residents' intent to reclaim their rights from the leadership.

Urban renewal can also serve as a method of slum clearance. With proper implementation, it may assist low-income earners from the underclass to enter the carriage trade and acquire the financial capability relative to affordable houses. However, as the spaces created in slum clearances are generally reserved for commercial premises, the need of the most unprivileged residents for appropriate residential improvement remains ignored, the good will of slum upgrading becomes wasted, the poor still live in poverty, so that these citizens are in fact sacrificed.<sup>[13]</sup> The same argument was put forward in Young and Willmott (1971), a research on the suburbs of East London that considers the social classes as key to understand the various suburb differences and accused the central governmental planners of applying slum clearance as a method to reduce the density of urban population without fully recognizing the irreparable loss of the complicated inter-generation networks in these redeveloped areas.<sup>[14]</sup> This suggests that the negative image of cities in our minds mainly stems from the instantaneous impacts on our mentality and the traditional neighborhood in the transformation from early rural society to urban life. Therefore, the pre-renewal planning is an important process to sustain the city as an innovative, diversified place of positive energy instead of somewhere cold and greedy.

In summary, urban social movements are deemed relevant on the level of micro rather than macro operations, hence are usually studied as a process of local political development and an element of local political economy. Whereas, if we regard urban movements as organized interests, political scientists often attempt to apply Joseph A. Schumpeter's creative-destructive structure on the collective actors and view the center of the mobilization and organization strategy as contention around the influential resources on the micro or sometimes medium level (but rarely in the national or international scale). Such a discussion manner can lead to the conclusion neglecting that cities support sharing economy and that urban movements represent the possibility of greater values, broader ideals,

and more extensive liberation.

## 4. Generation of Spatial Values

### 4.1. About Economic Space: Emergence of Rent Gap

In the course of the urban development, governments used to accumulate the capital required for urban development and construction through the combination of low-cost land expropriation and high-price land sale, producing the land dividends (potential rents) pursued by various interested parties and leaving the interests of pre-existing farmers or disadvantaged group sacrificed during the urban development due to their less powerful political backgrounds. While the real rents are in accordance with the subjective decisions of developers based on present economic environment, the potential rents contain the expected values. Therefore, developers and interest groups tend to actively scramble for the old, decaying regions in an urban renewal when the city infrastructure needs promotion and reconstruction or the lands for redevelopment are in extremely short supply. In the eyes of those in pursuit, the potential rents in the region to be renewed depend on not only the current condition of decay but also the political and commercial capitals that the investors can put into use in the renewal. The unfolding of the political and business connections of the developers causes changes in the objective conditions of the lands and buildings within the scope of renewal, and eventually widens the difference of rents, namely the gap between potential rents and real rents.

As Figure 1 suggests, undeveloped open lands without any construction are attached with no rent gap. In other words, rent gap never emerge on a bare land that is always ready to be fully utilized at the best efficiency. Once any building is constructed on a land, the potential rent and real rent will begin to diverge over time due to governmental policy or man-made improvement. For example, there is no rent gap for a newly developed land since the buildings there are necessarily the representation of the most efficient utilization, which guarantees the consistency between the potential rent and real rent. As time goes on, a gap emerges and constantly enlarges between the potential rent and real rent because: on the one hand, the potential rent continuously climbs as a result of the commercially competent population influx that should be attributed to the urban expansion and development, or the land-use change; on the other hand, the real rent keeps decreasing due to the depreciation of the buildings year by year. Finally when the rent gap on specific land becomes wide enough, the buildings are going to be renovated or reconstructed. The primary task of urban renewal is to or-

ganize and integrate all the land fragments into a complete region that is equipped with fundamental public facilities to be livable (pre-existing potential rent). Then the low buildings should be rebuilt into mansions with elevators, which leads to additional building bulk that helps increase land utilization and hence boosts the land price (potential rent under additional building bulk) (Figure 1). Surplus arises in such a process and becomes the attractive target of exchange to investors. For instance, Taipei of Taiwan implemented the urban renewal policies that include incentives, such as additional building bulk and tax relief for rents, which widened the rent gaps after the renewal and made the urban spaces the business products that invited competition between political and economic spaces.

Due to the blind pursuit of local governments for the number of urbanization rate, such a generation mode of urban economic spaces that features small cost, insufficient innovation and infinite expansion has long remained the source of various homogenized cities and led to the urbanization of low quality. What's more, in the competition for land use rights, lands tend to be used in the most profitable ways due to the operations based on the consideration of political and economic interests. This excludes the less profitable land uses. Such a land rent system ensures that it is not only economically but also politically and socially reasonable to use the urban lands in the manners producing highest and best values. In other words, the reasonability of land use is unrealistic without land rents; the extraction of land rents, in whole or in part, through taxation ceases the effectiveness of the rule that lands are used for producing highest and best values, and legitimizes the acquisition of rents under the private ownership by the land owners and people with vested regional interests. Whether national authority needs to extract rents, in whole or in part, through taxation is beyond the scope of this dissertation.

### 4.2. Political Space

The centralized political system during the Chinese transformation era provided for higher governments the performance evaluation method against local officials based on the regional economic development, hence compelled the local officials seeking political promotion to actively sell lands and attract investments. Tao Ran et al. believed that it is inevitably going to be warped to apply the GDP as the indicator of promotion assessment.<sup>[15]</sup> In the reality, governments often dismantle and rebuild the constructions on the lands purchased at distressed prices in the name of urban transformation or renewal. Large populations are attracted into the rapidly expanding cities. But the lands bought by local governments tend to be used for industrial

development, since the land grant fees for industrial lands are higher than commercial or residential lands. The analysis of market efficiency based on cost-effectiveness has become the major consideration of governments formulating public policies. The full and effective use of scarce resources to such an extent that maximizes individual and social welfare can only be achieved when the Pareto Optimality is realized.

Therefore, during the governmental promotion of urbanization, spatial reshaping manners such as large-scale demolition and reconstruction are in line with the statement of Lefebvre that space generation in a capitalist society is intertwined with or driven by interests, during which people are encouraged to constantly fight against spatial and other limitations to produce more spaces and to realize the capital urbanization. The urbanization process in the past can also be explained as the expansion of capital that cracked our living spaces in pursuit of their surplus values. A research that examines Hong Kong expresses that, in response to our ever-changing economic and social needs, urban redevelopment automatically involves urban renewal that centers on the upgrading of decaying buildings, the increase of housing stock, and the remolding of cities through the improvement of infrastructure; however the resultant negative issue of contention for interests between politicians and entrepreneurs cannot be ignored.<sup>[16]</sup> Besides, taking into consideration the existing domestic cases and many international example of spatial adjustment based on the land expropriation system, in which people who were deprived of the long-lasting family histories and cultures along with their lands or farmers who had no share of the appreciation benefits applied for an audience with the higher authorities to appeal for help, local governments will find it extremely arduous to gain the performance rating for promotion by exchanging lands for grant fees.

## 5. Discussions and Conclusion: Re-exploration on Public Policies

Land policies have long been a popular topic that features the diversity of views in the academic circle. While the problems that confronts natural sciences are generally easy to define and resolve, the case for social sciences is different. Social sciences handle the so-called wicked problems that can be neither fully described nor objectively and consistently defined. It is out of question to identify the best solution to such a problem, since no scientific method is able to determine whether or not the solution is correct.<sup>[17]</sup>

Hence the definition of social issues are basically a po-

litical subject. It is much in evidence in the confrontations against urban renewal that the resolutions to the same problem may vary by group or individual due to the discrepancies in the value, ideology or interest orientation. As Kingdon has underlined, the definition of problem often leads to more serious political consequences that benefit a certain part of people yet damage another.<sup>[18]</sup> Based on above illustration, it can be inferred that the policy makers relevant to a problem is prone to the behavioral mode in their own favor when establishing the definition of the problem and its resolution policy due to the effect of the egoistic mentality. As the derivative of this inference, an important ideological viewpoint regards the definition of any social problem as dependent on how policy executors should resolve it rather than objectively existent.

We can make an induction from above theoretical exploration that the present socialism with Chinese characteristics is a system where the main actors, which are consisted of capitalists, the state and the people, revolve around the center, which refers to the production and exchange of commodities. Governments gather tax revenue to construct the public infrastructure and create more jobs. The establishment and maintenance of such an overall supply chain require the capital accumulation in the process of commodity production. Hence governments have to play the central role in the system to assist the smooth accumulation of capital so that the capitalist enterprises and the governments can coexist and even become closely bound to each other in a shared structure of common interests. This makes the members of the structure develop the public policies they believe are propitious to the overall society without regard to external environment factors and eventually impose the logic of commodity production and exchange onto the civil society or regional economy. The policies manufactured in such a course are called by Offe as the "recommodification".

Under the policies of recommodification, whether or not a local community or the entire society is going to be reshaped clearly depends on its exchange value instead of the values in existence and use. It is proposed that the positive externality of an urban reconstruction project is often originated from the scale of reconstruction and the area of business districts covered in the project. What's more, the occurrence of a renewal project reduces the property values in the surrounding region.<sup>[19]</sup> Under the crisis of significant commodification, the meaning of local community tends to be simplified as facilitating the better performance in economic development. By focusing on the pursuit of economic efficiency, the concept of the society of sustainable development gives up the stress on the public engagement in local communities. The era

of big data highlights the capital liquidity. Local regions that fail to maintain the value to be exploited and used are abandoned just like outdated commodities. Therefore, any local region underlining the exchange value instead of use value will suffer the terminal downfall as soon as the competitive advantages vanish along with its exchange value.

It is the common proposal of various scholars that the natural decay of old communities should be allowed. Some governmental decisions with the aim to improve the fundamental efficiency of market economy seem to be hazards for old cities and communities in the short term, but they eventually benefit the entire country. Hence residents of the decaying cities should conform to the market rather than fight against it.<sup>[20-22]</sup> Scholars should emphasize that our life quality can only be guaranteed by the continuous development of the city.

In conclusion, the ideology of policy makers and standpoint of right holders have the power to influence the definition of land problems and decide the orientation of land policies. In the case of Taiwan, the political and economic development has witnessed the establishment of a state-business alliance between the national elites and local factions/interest groups. Business groups, politicians and scholars are allied with each other to form a bloc consisted of the industrial, governmental and academic representatives. They rule out policies counting against the land interests and based on the political and economic privileges and in the name of academic transcendence. Like the conservative ideas of neo classical land rent theory, they believe that operation of free market enables the optimal allocation of land use and hence improves the well-being of people; the necessity of the invisible hand for fairness or social justice is given no concern, since that hand disturbs the running of free market and hinders the extensive popularization of the best and most efficient use of lands. Therefore, settlement of land problems and orientation of land policies in China have been trapped in the economic thinking that the best solution is the one maximizing the land rents. The process of collection and reasonability of distribution of the rents are neglected.

Scholastic supporters of the continuing development of cities are rare to find in the real life. Most of the research literatures prefer to criticize the urban diseases of megacities (such as traffic jams, poor air quality, etc.) and overlook the fact that people keep flocking in cities because of the broad and open inclusiveness as well as the residents' upmost willingness to trust strangers and embrace new ideas. It is the mutual trust and knowledge limitation rather than merely the tolerance of environment that drive the growth of cities. Hence the development of a city is

bound by the limited recognition towards the city and the inadequate trust on other people instead of the resource shortage. The various governmental policies that impose restrictions on land development result in insufficient land supply in competitive cities. The most prominent example is Taipei, Taiwan. Taiwan society is currently on the stage of low birth rate. Taipei is the most open and competitive city in Taiwan. A lot of policies have been implemented to limit the land supply based on the argument of many scholars that development should be restrained in response to the falling population of children that causes excess supply. However, the real problem is rather the lack of supply than the insufficient demand resulted from the low birth rate. Hence Taipei features high house price and shortage of supply due to the restrictions on land development, forcing the government to increase the supply through the additional building bulk policy in the urban renewal.

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