

# Commodification and Urban Development: A Case Study of Taiwan

ADRIENNE LA GRANGE\*, CHIN-OH CHANG\*\* & NGAI MING YIP\*

\*City University of Hong Kong, \*\*National ChengChi University, Taiwan

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**ABSTRACT** *This paper aims to identify the processes of commodification of land and housing in Taiwan during the era of rapid economic development since the Second World War. On paper, Taiwan has a quite extraordinarily socialistic philosophy of landownership, based on the teachings of Sun Yat-sen and his doctrine of equalization of land rights. However, there is a very large discrepancy between policy and practice and as a consequence urban development and housing delivery are intensely commodified sectors of the Taiwanese economy. The beneficiaries of urban development have primarily been the middle class and powerful development factions. The specific economic and political institutions, related primarily to its precarious relationship with Mainland China, have shaped the perplexed trajectory of commodification of land and housing in Taiwan.*

**KEY WORDS:** Commodification, Taiwan, land, housing

## Introduction

Goods and services are commodified to the extent that access is determined by the market, and de-commodified to the extent that access is determined by criteria other than ability to pay, such as need or social relationships. In market economies urban land values reflect directly the present and expected future surplus (or residual) generated by economic activity that uses land as a factor input (see Di Pasquale & Wheaton, 1996). Commodification of urban land use thus allows potential surpluses to be released. The degree to which this release is encumbered (by legislation, custom or some other way) determines the extent to which potential surpluses accrue to either public or private interests or some combination of the two. This study is concerned with the generation and distribution of this surplus as part of urban land and housing policy generally, but particularly with policy initiatives that control or influence release of this surplus in the urban development process.

The primary interest in the release of the residual value of land through the urban development process in Taiwan is in its status as a tiger economy and developmentalist

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*Correspondence Address:* Adrienne La Grange, Department of Public and Social Administration, City University of Hong Kong, Tat Chee Avenue, Kowloon, Hong Kong. Email: saalag@cityu.edu.hk

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state. The paper thus forms a companion piece to similar investigations completed in Korea (La Grange & Jung, 2004) and Hong Kong (La Grange & Pretorius, 2005). The overall aim of this paper is to identify the processes of commodification of land and housing in Taiwan during the era of rapid economic development since the Second World War. The paper has four main sections. The next section provides a brief summary of useful concepts in the commodification literature that inform the approach taken in this paper. There then follows a description of the legislative and policy approach to urban development in Taiwan from the mid-1950s to the present, with particular emphasis on commodification of urban development. Thereafter the paper evaluates the extent to which Taiwan's urban development has been commodified and identifies the main beneficiaries of this process. The final section is a brief conclusion.

### **Commodification**

Commodification refers to the process by which goods or services formerly outside a market enter a market, acquire exchange value, and are subsequently produced for profit or the movement of items' or processes' production and exchange into a monetized economy (Nelson & Barley, 1997). Goods and/or services become tradable and commensurable in the market; for a market system to function effectively it must commodify those goods, services or attributes that have utility and that people value (Radin, 1996; Sternberg, 2000). Narrowly construed, commodification refers to the exchange of goods or services by buying and selling, and in a broader sense it incorporates the practice of thinking about interactions as if they were transactions (Radin, 1987; Wilkinson, 2000). As Marx noted, capital constantly seeks out new avenues of accumulation.

La Grange & Pretorius (forthcoming) summarize the extensive literature in the commodification of goods and services, in everything ranging from common goods and services to more questionable activities: commodification of body components, tissue and products (Fox & McHale, 2000), motherhood (McLachlan & Swales, 2000), policing (McMullan, 1996), ethnicity (Castile, 1996), and information (Lipinski, 1999). They identify three main streams in the commodification literature. The first is the commodification of labour under capitalism including the commodification of women's traditional caring role (Nelson & Barley, 1997; Siegal, 1998), the transformation of 'informal care' to waged care (Ungerson, 1995) and commodifying school-age workers (Mizen *et al.*, 1999). The second is commodification and decommodification in social policy, drawing on Esping-Andersen's (1990) work on welfare regimes and the extent to which social services are decommodified and thus enable workers to "maintain a livelihood without reliance on the market" (Esping-Andersen, 1990, p. 22).

The third main area concerns the commodification of space, including promotion of cities as tourism destinations (Schollmann *et al.*, 2000), the promotion of ecotourism (King & Stewart, 1996) and the commodification of mountaineering (Johnston & Edwards, 1994), and place promotion (Wu, 2000). Hamilton (1999) has tracked the geographical diffusion of commodified space eastwards across Central and Eastern Europe incorporating changes in the perception, functions, influence and value of space. The commodification of housing is well researched in both mature market and transitional socialist economies (Barlow & Duncan, 1994; Forrest & Murie, 1995; Zhou & Logan, 1996). There is also an emphasis on the politics of commodification of urban development and housing (Mabin & Parnell, 1983). While this literature provides a firm foundation of patterns and outcomes of commodification, the study here is also interested in changes in the level of commodification of a good or service, presented as shifts along a  $D \leftarrow \rightarrow C$  continuum.

### *A Decommodification-Commodification Continuum*

A common sense view is that goods and/or services are not necessarily commodified or decommodified but may be commodified to a greater or lesser extent. This idea has been explored in the literature (La Grange & Pretorius, 2005). Forrest & Williams (1984) talk about the “erosion of decommodified forms and the reorganization of commodified relations in the housing sector” and the ‘intensification’ of commodification processes both at the level of consumption and at the level of production” (p. 1167). Other terms used include ‘recommodification’, ‘decollectivization’, ‘reprivatization’ or ‘destatization’ within the general process of recapitalization (Forrest & Williams, 1984), but it is clear that change is being analysed. An important concept is the progressive shift from use value to exchange value: the progressive commodification of neighbourhoods and space as a consequence of Right-to-Buy in the UK (Forrest & Murie, 1995); and the valorization of space in the transition from socialism to a market economy in Central and Eastern Europe (Hamilton, 1999).

Margaret Radin, a lawyer concerned with the ethics of commodifying certain activities such as prostitution, baby-selling and surrogate motherhood has developed a concept of incomplete commodification based on the idea of market-inalienability of human and constitutional rights (Radin, 1987). While some goods are completely commodified or completely non-commodified many things are incompletely commodified, i.e. neither fully commodified nor fully removed from the market, thus market inalienable only to a degree or only in some aspects (p. 1855). Certain goods should not be bought and sold in the market because they are important to personhood and human flourishing. Thus while it may be impractical for goods/activities important to personhood and human flourishing to be wholly non-commodified, incomplete commodification protects things important to people in the context of the market: “... it may sometimes be better to commodify incompletely than not to commodify at all” (p. 1903).



She distinguishes between two aspects of incomplete commodification: participant and social. The former refers to the co-existence of market and non-market aspects of an interaction where money changes hands (housing specialists would refer to the distinction between use value and exchange value of homes). The latter refers to societal recognition that things have a non-monetizable participant significance by introducing regulation into a free market (and here housing specialists would cite public housing provision, rent rebates, rent control, etc.). Indeed, she cites housing as an example of incomplete commodification, referring in the participant case to the personal aspect to many people's relationships with their homes, and in the social case to regulation governing residential tenancies, rent control, restrictions upon termination of tenancies and anti-discrimination requirements. If housing were completely commodified it would conceive of housing in such a way as to adopt an inferior conception of human flourishing (Radin, 1987).

### *Beneficiaries of Commodification*

Flows of benefits from the process of commodification have been well documented in the international housing literature, for example, the commodification of public rental housing in mature market economies, the privatization of public housing in transitional socialist economies and the regularization of squatter housing in many cities in developing countries. Processes of commodification have major implications for the distribution of resources, and such a (re)distribution could be from private to private (individuals or groups), from public to private or private to public. A number of well-known cases of commodification of housing suggest that the benefits generally flow from private-to-private or public-to-private. In spite of its massive involvement and pivotal role in urban development, the state is seldom portrayed as profiting in/from private sector real estate development directly, the increasing popularity of high betterment taxes notwithstanding (see, for example, the seminal work by Angel *et al.*, 1983).

Many countries in East Asia have developed rapidly in the last five decades, and as a consequence significant residual value of economic growth has been released via rapid urban development. The beneficiaries have been diverse. In Japan, for example, farmer landowners have managed the commodification process to their advantage, by selling sites with no services as market commodities in spite of government efforts to control the process (Sorensen, 1999). In China, both decommodified and commodified processes exist (Zhou & Logan, 1996) and the transition from a socialist to a market-orientated urban development system has enabled huge benefits to be reaped by well-connected entrepreneurs.

This compares to the case of Hong Kong where virtually all land is owned by the state and alienated by leasehold and there is tight control of urban development and the commodification of land and housing through the leasehold system. Urban development has been enormously lucrative for the state (Castells *et al.*, 1990; Keung, 1985; La Grange & Pretorius, 2005). In Singapore too the state has controlled the commodification process through its dominant assisted homeownership scheme and housing finance arrangements. While there have been important distributional benefits of the homeownership scheme for ordinary Singaporeans, there have been very significant political and other benefits to the state (Chua, 1997; Doling, 1999; Park, 1998). In Korea, in spite of private landownership the state has had a major impact on the processes by which land has become commodified, using extensive land expropriation and land-use planning powers. The Korean state used different strategies to manage trends to commodification at different times: land readjustment projects were used in the 1950s to the 1970s and Public Management Development projects were the main mechanism of urban development from the 1980s. The distributional effects of the urban development process have been highly inequitable and the basis of selecting beneficiaries has been very arbitrary (Hannah *et al.*, 1993; La Grange & Jung, 2004; Yoon, 1994). Taiwan is the case study of this paper.

### **Conceptual Framework**

The literature theorizes that a commodification continuum has end points, namely use value and exchange value. In the case of the former, land and housing are produced and consumed according to criteria unrelated to market considerations. In the case of the latter, they are wholly produced and consumed in the market. These end points form a continuum and production and consumption of land and housing would thus be located at some point along the continuum. In practice, no urban development or housing delivery system would comprise a pure form of decommodified or commodified production and/or consumption and thus all cases can be conceived as being located somewhere along this continuum.

The paper also draws on Radin's idea of incomplete commodification, with particular reference to her idea of incomplete commodification for social purposes. While housing specialists may seldom articulate ideas such as the importance of goods and activities to personhood and human flourishing, the principle underlies a great deal of social policy discourse. Drawing on La Grange and Pretorius (2005), the study also identifies motivations for providing public housing (or other forms of housing subsidies) to a particular standard as an incompletely commodified good or service; is the state part of the market (in providing cheap, low quality housing to low income families) or is it providing social welfare (in the form of social housing to a relatively high standard)? Finally, the paper aims to identify the flow of benefits as a consequence of Taiwan's commodification trajectory.

## Taiwan

Taiwan's recent history is one of occupation, first by the Dutch in the latter half of the 17th century and then by the Japanese for the early half of the 20th century until it was returned to China after the Second World War. After the communist takeover of China, the population increased from 5 million to 6.5 million with the arrival of the defeated soldiers and refugees in 1949. The new Nationalist government inherited transportation and communication systems as well as major financial institutions and other monopoly businesses (like sugar refining, paper, cement and electric power) from the Japanese colonial administration; it held an estimated 90 per cent share of total capital formation in Taiwan in 1945 (60 per cent in 1954) (Peng, 1990, p. 244, cited in Li, 1998). The state was very powerful in the Taiwanese economy, controlling many national industries and the financial market, although most export industries were in private hands with only minimal assistance from the state (Wu, 1988, cited in Li, 1998).

Taiwan's economy has changed significantly since the 1950s. In 1953 agricultural production accounted for 38 per cent of GDP, which by 1980 had dropped to 9 per cent. Manufacturing production increased from 18 per cent to 46 per cent over the same period. Its occupational structure mirrored these changes. In 1953 the majority of the workforce was employed in agriculture (61 per cent), with the manufacturing and commercial sectors employing 9 per cent and 30 per cent of the workforce; by 1980 the respective percentages had changed to 28 per cent, 31 per cent and 40 per cent (Wen, 1988). In the past five decades, Taiwan has developed from a rural economy to an export led industrial economy and more recently to a service economy fuelled by technological innovation.

Parallel to its rapid economic development was the equally speedy transformation of urban development. In 2003 Taiwan had a total population of 22.6 million, up from 6 million in 1945. Its capital and largest city is Taipei (population 2.6 million in 2000) but the development of Taipei City has already expanded beyond its administrative boundary to include Taipei-Keelung Greater Metropolitan Area, which contains 6.55 million residents, 43 per cent of Taiwan's urban population. Other major metropolitan areas include Kaohsiung as well as Taichung. In 2003, 69 per cent of Taiwan's population was urbanized (Mygov, 2004).

### *Landownership and Expropriation*

By the late 1940s the Kuomintang (KMT) had lost China and retreated to their remaining island outpost. Yet retaining control of Taiwan was not taken for granted and the KMT leadership believed that immediate land reform was necessary if they were to hold on to their last province. As a consequence of reforms implemented in the early years of KMT rule, on paper Taiwan has a quite extraordinarily socialistic philosophy of landownership, based on the teachings of Sun Yat-sen and his doctrine of equalization of land rights, which emphasized that full use should be made of land and that the increased value of land should be enjoyed by the public in common. The state is deemed to hold prior ownership of all land in Taiwan on behalf of the people. Sun espoused three main principles to deal with urban land: regulating land value, taxing and compulsorily purchasing land according



to its value, and giving the unearned value of land to the people. Together these principles, applying to farmland and urban land, form the basis of his 'equalization of land rights' programme. A land-use system based on these principles would enable the government to regulate land values, collect rent and capture unearned increases in land value by taxing according to its value and disbursing the unearned increment to the community. By regulating land prices, compulsory purchase according to its value would ensure that declared land values were reasonable and that unearned increases in value accrued to the public (Lai, 1985). This system was expanded in 1977 by the Executive Yuan (Woolery & Lin, 1980). This was indeed an effort to ensure that land remained incompletely commodified and that, as a consequence, increases in the residual value of land associated with economic growth and urban development would accrue to the community.

*The protection of property rights in the Constitution.* Although the state has prior ownership of the land, the constitution recognizes and protects private property rights where ownership is acquired in accordance with prevailing regulations and laws. Both the Constitution and the Land Law confirm that all land belongs to the body of citizens but private ownership shall be protected (and restricted) by law. While private ownership is permitted, land should be distributed, utilized and managed in accordance with social interests.

*Land-to-the-tiller programme.* The first major reforms with regard to landownership applied to farmland and were implemented soon after the KMT took power in Taiwan. Three Acts were promulgated between 1949 and 1953. In 1949 legislation was passed which restricted maximum rent to 37.5 per cent of the value of the harvest of the main crop, and made written leasehold agreements mandatory, with minimum length of tenure set at six years. In 1951 legislation was passed to sell public land to its cultivators, i.e. land that was previously owned by the Japanese (comprising 21 per cent of total farmland in Taiwan). The third reform was the land-to-the-tiller programme, which comprised compulsory purchase of private tenanted farmland by the state and its resale by installment purchase to former tenants. This only applied to surplus paddy land comprising holdings in excess of three hectares that was tenanted. About 139 500 hectares were compulsorily purchased from 106 000 landlord families, and sold to 195 000 families. Another 29 000 families bought land directly from landlords (Apthorpe, 1979). Landowners were paid in land bonds and shares in the stock of government owned corporations. Bonds bore a 4 per cent interest and were redeemable in 20 semi-annual installments spread over 10 years. New owners of land also paid in 20 semi-annual installments (Woolery & Lin, 1980).

*Land tax.* Urban land reform was also on the policy agenda from the early years of KMT rule, beginning with legislation for the enforcement of the equalization of urban land rights in August 1954. The initial phase of urban land reform included 59 municipalities, about half the total municipal area. The Urban Land Rights Equalization Act was amended in 1965 to cover all urban land included in a city plan. A 1977 amendment to the Act broadened its scope to cover both urban and non-urban land (Woolery & Lin, 1980).

Equalization of land rights does not imply the equal distribution of land in a physical sense but rather that the benefits of rising prices, due to social progress rather than individual effort, should accrue to the public primarily via taxation and the provision of government services (Woolery & Lin, 1980). In summary, urban land reform through the equalization of land rights is premised on three measures: land value tax should be levied according to the owner's declared value; the government can purchase land at the owner's declared value; and the public should enjoy the increases in land value.

### *Regulation of Urban Land Prices*

The regulation of land prices is thus central to implementing the equalization of land rights, via the collection of land value tax (LVT) and land value increment tax (LVIT) and state acquisition of land at the regulated land price.

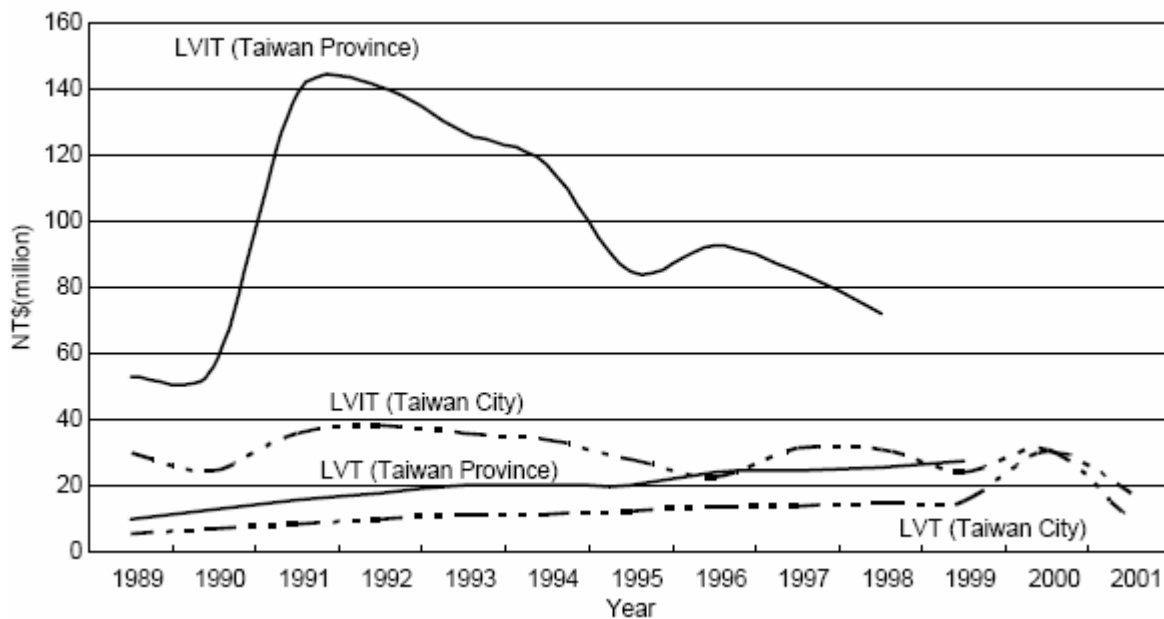
*Land value tax.* The LVT is an annual capital levy that is part property tax and part unrealized capital gains tax. Base land values for determining value increments differ according to locality; there are 21 localities in all. The main purpose of LVT is to curb speculation and encourage the development of sites needed for urban use. There is also a special 'vacant land tax' levied at two to five times the basic rate of 1.5 per cent. Vacant land is defined as private urban land that has not yet been developed and land for which the buildings are valued at less than 10 per cent of the site.

*Land value increment tax.* LVIT seeks to tax natural increment and stabilize land values to bring about a reasonable level of land prices. The multiple of the net increment of the land value was calculated as a basis of LVIT.

Taxing higher-valued sites at a higher rate than lower-valued sites should in theory promote investment in higher-valued sites. For land policy purposes, the use of the multiple of the net increment as a basis to calculate LVIT also prevents capital from flowing into fringe (marginal) urban areas, and checks land speculation or land-use changes from low use to more intensive use such as agricultural to industrial land. Rates of LVIT have been revised from 20–40–60–80 per cent to 40–50–60 per cent, narrowing the difference between lower-valued and higher-valued sites, reducing the efficacy of the policy.

*Revenue from land tax.* Land tax has been an important source of both local and national revenue, increasingly important since it was introduced in 1956. Between 1967 and 1993, for example, the annual increase in land tax revenue was 56 per cent, second only to tax revenue from the stock exchange (Huang, 1995). It has first and second place respectively





**Figure 1.** Land Value Tax and Land Value Increment Tax (1990–2001). *Source: Taipei City Statistical Highlights (2001), Taiwan Province Statistical Yearbook (2000).* *Note:* LVT (Land Value Tax), LVIT (Land Value Increment Tax); Taiwan Province as an administrative entity was abolished in 2000.

as a source of local and national taxation, comprising about 70 per cent of local tax in the early 1990s (annual tax revenue reports 1992, 1993 and 1994) and about 4–6 per cent of national tax in 2001 with a high point of 20 per cent in 1992 (MOI Annual Report, 2001, p. 11). Land tax is particularly important as a source of revenue to the capital. Since Taipei is a city with provincial status, it collects both national taxes and city taxes. Of total tax revenues, LVIT has been the largest (36 per cent of total revenue) followed by LVT (36 per cent) and then house tax (11 per cent). Figure 1 shows that the percentage of LVT in Taipei's total revenues has had a positive growth trend, reflecting growing urbanization, expansion of communications construction and rising land prices. Revenue from the LVIT has fluctuated in line with the real estate market.

### Land Acquisition for Urban Development

Taiwan has experienced rapid urban development over the last 50 years, generating large-scale demand for serviced sites and associated urban infrastructure. There are a number of ways in which land is acquired for urban development, the major ones including compulsory purchase, zone expropriation, land readjustment and private development.

*Compulsory purchase.* Compulsory purchase has served two major functions, one being to discourage and punish landowners who under-declare their land's value to avoid tax and the other being to meet land needs for public purposes. Purchasing according to its value is one of the four guiding principles of the land equalization programme and enables the state to resume land at its declared value, inter alia, to discourage landowners from recklessly under-declaring the value of their land to avoid tax and to facilitate efficient land use practice (Su, 1981). Compulsory purchase of land is permitted where the declared value of land is lower than 80 per cent of the official land price; vacant land is not developed within

the prescribed time limit; agricultural land is not farmed within the prescribed period; the declared present transfer value is lower than the official present value; and farmland is not developed within one year of the termination of the lease contract. A total of 40 hectares has been compulsorily purchased since 1956 (MOI, 2000).

*Land expropriation.* Sites can be compulsorily acquired for public purposes, in practice mainly for communication and water conservation uses. Between 1956 and 2000 a total of 1093 and 1075 hectares of land have been acquired in Taiwan (excluding Taipei) and Taipei City respectively. Unlike compulsory purchase according to its value, expropriation is concerned with fairness and justice. The criteria for compensation of land values vary according to purpose (Table 1). In practice the official present value is used as the basis of compensation.

*Zone expropriation.* Zone expropriation refers to the compulsory acquisition of land within a given area to re-planned sites for a range of large-scale public uses (roads, ditches, parks, green lands, recreational lands, plazas, parking lots, sports, public schools and public facilities) required for regional development. Land required for major public works is mostly acquired first by the development of new towns and communities to promote housing construction and thereafter by zone expropriation. Zone expropriation is also used where sites are zoned from lower order to higher order uses to meet land requirements. Zone expropriation allows government departments to take a more active role to control land use and helps achieve the spirit of 'increased value of land should be enjoyed by the public in common'.

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Zone expropriation has been a principal method to acquire land for major urban development. From 1956 to 2000, 36 districts in Taiwan (excluding Kinmen and Matsu) have been developed using zone expropriation. Of the 2240 hectares expropriated, 1137 hectares were used for roads, canals and ditches for public facilities and 941 hectares for construction, saving the government about NT\$103.5 billion (Table 2). At present, zone expropriation is underway in 27 districts, an area of 3451 hectares including 1480 hectares for roads, canals and ditches and 2025 hectares for residential development, with

**Table 1.** Total number of sites and land area expropriated, 1956–2000

Land categories	Cases	Plots of land	Area (hectares)
National defence	41	250	27.5
Communication enterprises	504	19 608	440.1
Public utility enterprises	4	14	16.6
Water conservancy enterprises	120	1454	489.9
Public health and environmental protection	4	15	11.4
Government office buildings, public buildings	13	39	2.8
Educational, academic and charity	41	165	22.7
Social welfare	1	1	0.5
Enterprises operated by the state	57	295	9.6
Others	26	304	71.8
Total (excluding Taipei)	811	24 845	1092.8
Taipei total (1981–2000)	–	–	1474.6

*Source:* Department of Land Administration, MOI, Annual Business Report, 2000. Data for Taipei from Department of Budget, Accounting and Statistics, Taipei City Government (2001).

**Table 2.** Zone expropriation in Taiwan, 1956–2000

Area	Taiwan province	Taipei	Kaohsiung	Total
Number of districts	19	12	5	36
Area (hectares)	1 089	742	410	2 241
Area for construction (hectares)	602	203	136	941
Area for public facilities (hectares)	483	539	117	1 139
Government spending saved (m\$NT)	58 368	35 008	10 079	103 455

*Note:* Figures of Taiwan province exclude Taipei and Kaohsiung City.

*Source:* Department of Land Administration, MOI, Annual Business Report, 2000.

government savings of NT\$107.7 billion. Landowners receive at least 40 per cent of the land area, the location determined by draw. Although landowners receive less land than they started with, upzoning results in price increases of the remaining area.

*Land readjustment.* Urban land consolidation (land readjustment) is carried out by the government with the consent of the majority of landowners holding title to over 50 per cent of the land area within an area designated for consolidation. Landowners are required to bear the cost of the construction of public works. They have the option of ceding part of the land re-allocated to them after consolidation in lieu of payment for public land and public works construction. The central government also encourages urban land consolidation programmes through low interest loans and other financial incentives. A minimum of 60 per cent of the land area is redistributed to the original owners in proportion to the value of their original holdings. In general, owners' reduced areas (immediately following consolidation) show a threefold increase in value over their original holdings (Woolery & Lin, 1980).



## *Housing*

*Public sector development.* When the KMT took over Taiwan, the threat of invasion was overwhelming and available resources were concentrated on national defence rather than housing or other social services. In the early years of KMT rule Taiwan was a rural society and most people continued to provide their own homes. However, large inflows of refugees from the Mainland and subsequent rapid urbanization and industrialization quickly created serious housing problems (Li, 1998).

The government's response can be divided into five phases (Chang, 1990; Yip & Chang, 2003). Between 1953 and 1975 housing continued to be self-provided and government intervention was limited to the somewhat haphazard implementation of basic building and health regulations, some provision of utilities and, from 1957 onward, disbursement of a small number of loans for housing construction. Very few public dwellings were built and these were often distributed to central government officials and congressmen. Housing standards were low. In 1962 an average housing unit in Taipei had to accommodate more than eight people (Li, 1998). A survey conducted in 1966 shows that the average living space was about 7.1m<sup>2</sup> per person, 15 per cent of households had no kitchen, 52 per cent had no bathroom and 30 per cent had neither a bathroom nor running water (Wen, 1988). New arrivals to the cities increasingly met their shelter needs by building squatter huts on public land with whatever materials they could lay their hands on (Li, 1998).

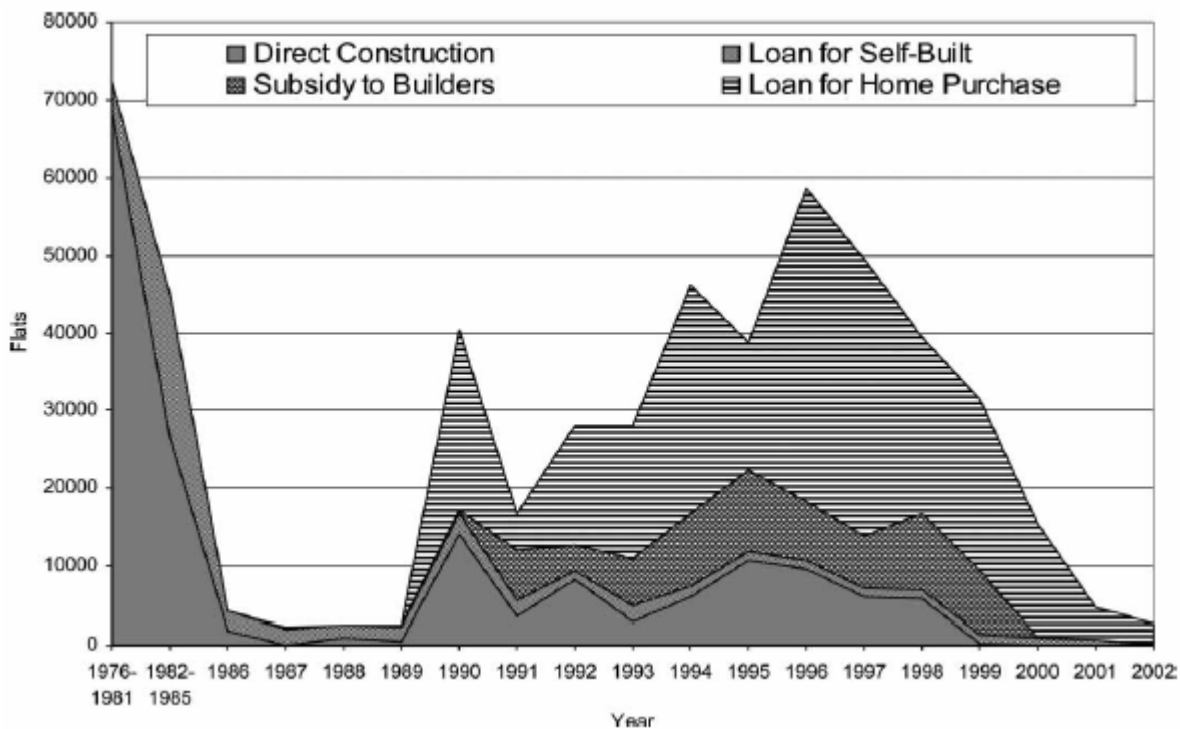
The period between 1975 and 1982 was characterized by an increase in government intervention in housing. One response to growing housing shortages was to ease building restrictions and legalize self-constructed buildings (Li, 1998). Direct provision only occurred on a small scale even after the enforcement of the Public Housing Act (1975). By the end of 1981, 72 500 housing units had been constructed with public assistance, including 37 263 units built by the government, accounting for 51 per cent of the total stock. Difficulties hampering the public housing programme included poor location of public housing, construction delays, poor housing quality, difficulties in acquiring land, insufficient capital and a poor match between available loan schemes and community needs.

In 1982 the government was committed to a public housing building plan to build 100 000 dwellings before 1985. However, a severe recession in the real estate market reduced the demand for public housing. Faced with a serious surplus of units already completed, the programme was largely suspended. By the end of 1985 only half of the original building target was achieved. Yet, a short housing boom in 1987 led to a rapid burst in housing demand and the suspension of the public housing programme led to an acute shortage of supply.

Responding to renewed house price inflation and demand for public housing, the Public Housing Act was amended in 1989 to introduce a waiting-list system to replace the ballot system that had been in place since the beginning of the public housing construction programme. However, the new allocation system did not reduce demand, which continued to outpace supply. While the government continued to call for the expansion of public housing provision problems in land acquisition and finance, ambivalence of key decision makers and electoral considerations all imposed uncertainty about the future of public housing. The government then adopted short-term measures (loans for home purchase) or paid lip service to the policy (enabling private provision of public housing with state facilitation).

Since 2000 the government has acknowledged the problems of fragmented policies and diffused organizational responsibility. Driven by concerns over the serious over-capacity of the housing departments after the scrapping of nearly all public housing construction projects, the Ministry of the Interior proposed a Housing Bill in 2001 to reform public housing policy. The Bill aimed to amalgamate various housing-related institutions into a unified organization, reduce the existing policy bias in favour of homeownership, concentrate on providing public rental housing and promote the private rental sector.

In summary, public housing subsidies in Taiwan take four major forms: public housing constructed by the government (nearly all for sale to eligible households), loans for self-built units, developer subsidies and home purchase loans (Figure 2). Between 1976 and 2002, 165 261 units were directly constructed by the government, most of which were difficult to sell because of their poor location combined with the vagaries of the real estate market. More than half these units were located in Taipei County, Taichung, Kilung and Tainan. About 46 554 units were built with construction loans for self-built housing, catering mainly for families in rural areas for home improvement. Another 68 345 units were constructed using low interest and tax concession subsidies to developers. This scheme has been particularly attractive to developers during real estate market downturns. Low interest housing loans for private sector housing were introduced in 1990. The scheme has solicited strong demand from lower-middle-income renters and 248 561 loans had been approved by 2002. Simply put, public housing in Taiwan is highly commodified.



**Figure 2.** Public housing construction in Taiwan. *Source: Statistical Year Book, Construction and Planning Agency, MOI (various years).*

The overwhelming majority of public housing units are for sale to low-income households and public rental housing accounted for less than 5000 units in 2000 (Census, 2000). A no-profit rule prohibits cross-subsidization and thus sale prices are linked to development costs (noticeably the cost of land acquisition).

*Private sector development.* Land for private development has formally been allocated via urban planning controls (discussed below). Changes in land use are subject to zoning. Under the direction of the Council for Economic Planning and Development of the Executive Yuan Taiwan's Concept Plan has been translated into detailed control plans for each municipality and rural county and monitored by local urban (rural) development departments. Zoning changes have to be approved by the respective urban (rural) planning committee after consultation with local residents.

Obtaining betterment from landowners/developers on redevelopment has long been a plank of 'Equalization of Land Rights' although the system has changed over time. Initially, Benefit Payback was concerned with the payment for or provision of facilities in the district although at present, in addition to paying for or providing facilities, money or land compensation is also required. Since 1994 Taipei has required 'commodity donation', 'land donation' and 'money donation' which operate in a co-ordinated manner.



Private sector development was long hampered by state control of credit for private initiatives. Before the domestic financial market was decontrolled in the mid-1980s, all commercial banks (except three) were government owned and the government, through control of banking, could direct resources to industries that they wished to promote. Industries not favoured by the government, such as house construction, had limited access to credit (Li, 1998). In the context of a long-term shortage of credit, developers employed several ways to acquire sites: buying land for immediate development; land banking; and joint venture development with landowner(s). A major advantage of acquiring sites for immediate development is that the site can be used as collateral for a construction loan, and the larger the loan, the less the developer pays upfront for the site. Banks have been willing to allow sites to be used to secure loans because of the pre-sale production system for the supply of new houses in Taiwan. Developers can legally begin to sell houses after a building permit is issued (and pre-sale without a building permit is not uncommon), which ensures that developers can repay the loan with interest (Li, 1998). Land banking has also been used by developers to secure sites, a strategy that offers opportunities from house price inflation. Long-term land banking has been extremely lucrative. Yet publicly owned banks were not permitted to give loans on vacant land without a housing construction proposal. Large companies circumvented this restriction by acquiring a life insurance company or having close associations with privately run quasi-banking institutions. Joint ventures with landowners or other developers, often associated with tax concessions, were generally more viable in market slumps (Li, 1998).

### **From Use Value to Exchange Value**

Post-war Taiwan has had, on paper, a very radical attitude to landownership, and by extension, urban development and housing delivery. It can fairly be described, following Radin, as formulating, primarily through legislative means, a system of incomplete commodification of land as a resource for social purposes. While the concepts of goods and/or activities important to personhood and necessary for human flourishing do not form part of the vocabulary of Sun's equalization of land rights programme, the basic ideas sit comfortably with his central thesis that the residuum of land generated by economic development should accrue to the community and not to individual landowners. This section seeks to locate urban development in Taiwan over the last 50 years along the D ← → C continuum by comparing policy and practice.

The equalization of the land rights programme described above aimed to ensure that urban development remained incompletely commodified for social reasons. The land taxation system was the cornerstone of this policy. Yet much of the effect of this policy has, in practice, been diluted by state-sanctioned policies and regulations over time. The LVIT and LVT are not particularly onerous and have had relatively little impact on either redistributing income or curbing land speculation. Declared land values are generally less than half the market value. Taxes are levied annually and calculated, not on market transaction value, but on the basis of the Official Declared Value which is adjusted every three years. Rates at which LVIT are levied were reduced in 1987 from 1.5 per cent to 1 per cent, and progressive tax rates cut by one class, from 7 per cent to 5.5 per cent. The lowest tax rate was increased from 20 per cent to 40 per cent and the highest tax rate reduced from 80 per cent to 60 per cent, which basically lessened the tax burden of landlords. The purpose of the progressive tax rates was to levy higher taxes on lower-valued but potentially developable land, such as agricultural land, urban fringe areas and mountain areas, with the express purpose of curbing speculation. Reducing the progressive nature of the LVIT has diminished the function of this tax. This increased development pressure on developable land in the 1980s and affected the Farmland Release programme. Efforts to increase land values have been thwarted by the administrative rigidity of adjusting values only once a year (Technical Lag), lack of local information and social consensus about a reasonable official present value (Information Lag) and lobbying by representatives and grass roots groups on the arbitration committees (Institutional Lag). These three lags lead to a reduction in official land values compared to market values and authorities in charge of land values have admitted that official values were 40 per cent to 50 per cent of the market value (MOI, 1985). The declared value of land, the basis of collecting LVT, was only 13 per cent of the market value (Huang, 1998). Therefore, its impact on reducing speculation is limited and does not achieve the incomplete commodification of land or attain the objective of giving the unearned value of land to the community.

Compulsory purchase of land, in principle a clear recognition of the incomplete commodity nature of land, is intended to discourage and punish landowners from under-declaring their land's value to avoid tax as well as acquire land for public purposes. It has a poor performance record and has been under-used. Since 1956, 1353 sites have been compulsorily purchased, 1216 sites for under-declaration of value by owners, 15 for under-declaration of their present transfer value and 121 sites in Taipei and one in Kaoshiang city for expiry of the prescribed time limit for construction. Political infighting has usually obstructed passing the budget that funds for compulsory purchase of land have relied upon. Even where permission for compulsory purchase is obtained, insufficient funds at the local level in turn have prevented the purchase.

From the number of sites compulsorily purchased (Table 3) it is clear that the policy has not been effectively implemented. While it is the most radical of the land reforms, it is indeed this feature that makes it politically unpopular with the state and the public. While 80 per cent of the officially declared value is employed as an expediency for declaring the

**Table 3.** Compulsory land purchase in Taiwan

Year	Area (Hectares)	Number	Compensation for land value (million\$NT)		
			Bonds	Cash	Total
Total	39.57	1231	60.5	9.5	70
With land value under-declared					
1956	27.44	682	31.2	1.4	32.7
1964	7.36	382	24.3	1.6	25.9
1968	0.99	56	3.9	1.7	5.6
1977	1.32	45	–	0.8	0.8
1978	1.44	51	–	3.5	3.7
Subtotal	38.56	1216	59.5	9.2	68.6
With present transfer value under-declared					
1957	0.02	4	0.2	0.01	0.2
1958	0.12	5	0.08	0.02	0.1
1959	0.01	1	–	0.004	0.004
1961	0.11	3	0.1	0.01	0.1
1966	0.75	2	0.6	0.2	0.9
Subtotal	1.01	15	1.1	0.3	1.4

*Note:* Land Price mentioned here is based on 'Official Present value', not a normal market value. Figures also exclude purchase in Taipei and Kaohsiung. *Source:* Department of Statistics, MOI Annual report on land administration of Taiwan province, 17 May 2000.

value of land, related regulations and laws have been introduced to avoid land rights conflicts between public authorities and private owners. The disincentive of the LVIT has largely been neutralized by reducing the declared land value to a fraction of its true market price, which can be attributed to political manoeuvring orchestrated by local interest factions. Although establishing declared land value reduces the cost of compulsory purchase, it also increases the resistance of landowners whose lands are to be purchased. Difficulties associated with implementing compulsory purchase mean that in practice it does not reflect land as a case of incomplete commodification. Instead, land expropriation, which offers extra compensation, and zone expropriation, which allows the original landowners to accrue most of the increase in land values from development and upzoning, are used extensively to avoid political problems of compulsory purchase.



For many years Taiwan has practised a Western style zoning system to allocate land to different uses. This too reflects the notion of land as an incompletely commodified resource—land for community, economic and other uses is identified, in advance of demand, to ensure rational urban development that meets the social and economic needs of the community. This is the theory. There is a comprehensive literature assessing Taiwan as a developmentalist state and state promotion of export-orientated industrialization (Dent, 2002; Wade, 1990). Similar to Korea and China, reproducing labour power was seen as a cost of production, as opposed to wages being seen as a source of domestic demand for consumption goods. This created a somewhat schizophrenic attitude to urban planning and land delivery as these activities too were seen, not as a source of development and growth but rather as a financial drain on the economic advancement of Taiwan. Planning was reduced to land-use zoning, with little concern for meeting socio-economic and environmental needs generated by export-orientated industrialization (Chou, 1998). Fuchs & Street (1980) highlight the inadequate attention paid to the locational and land-use implications of Taiwan's development plans, a conclusion they reached by assessing the 20-Year Comprehensive Development Plan (1976–96) and the Six-Year Plan for Economic Development in Taiwan (1976–81).

Sites required for community uses were compulsorily acquired and reserved as Lands Reserved for Public Facilities (LRPF). LRPF sites were acquired with little or no compensation to their owners. Furthermore, funds were not available to develop the sites in accordance with the local plan. As the urban plans and LRPFs, even if existing only on paper, promoted real estate speculation, the state responded by permanently freezing private development of LRPF sites immediately after promulgating the plans, under the Urban Planning Law. This led to widespread protests by affected landowners, to which the state responded by passing the Urban Planning Law of 1973. LRPFs that were not secured by planning authorities before the proclamation of this Law had to be appropriated by 6 September 1983, possibly extended to 1988 if necessary. But money was not available to buy most LRPF sites by the cut-off date. First, this meant that cities were not provided with adequate urban infrastructure, but withdrawal of LRPF status would have a severe effect on the local property market as speculative land sales and developments associated with the LRPFs would collapse. This provoked a serious political crisis to which the state responded, in 1988, by withdrawing the legislative provision in the Urban Planning Law of 1973 and planned to set aside NT\$700 billion (US\$28 billion) to buy LRPF sites designated before 1973 by locally based urban plans (Chou, 1998).

The 1988 programme rescued LRPFs required to sustain the land market (schools, athletics fields, car parks, public squares, roads over 8 m wide, and community parks in

cities with populations of over 200 000); the remainder was shelved. Nevertheless, as half the revenue came from local government, this aggravated local fiscal stress. The fiscal circumstances of local authorities were worsened in 1996 by a decision of the Constitution Court that some cases of land appropriation for road construction without adequate compensation were unconstitutional and restitution should be made. The probable cost is estimated at around US\$90 billion. This further eroded the ability of local states to provide urban services (Chou, 1998).

Stress of national finances produced by the export-orientated industrialization regime further impinged on spatial-development policies. From 1974 onwards financial constraints impelled central government to limit the expansion of urban planning districts to avoid having to provide urban infrastructure and public facilities. Development became centralized in existing overcrowded cities that had plans in place. The compacted-city policy, driven by national fiscal stress, became the most influential policy in contemporary urban Taiwan. This promoted concentric growth around the existing built-up areas with urban plans and exacerbated house price inflation and speculation. Thus environmentally sensitive land adjoining urbanized areas was subject to enormous pressures to meet the need for residential land. Rampant development of urban marginal land has seriously degraded wildlife and vegetation environments and led to widespread recurrent natural disasters of flooding, landslides and mudslides (Chou, 1998).

#### *Quality of Housing*

The conceptual framework in this paper identifies motivations for providing public housing (or other forms of housing subsidies) to a particular standard as an incompletely commodified good or service, whereby housing enjoyed by recipients would be of a higher standard than could be afforded in the market. The public housing programme was briefly described above. Yet housing has been commodified from the start and a decommodified public housing sector is almost non-existent in Taiwan. Most of Taiwan's public housing comprises home loans, developer subsidies, self-build housing and construction of dwellings for sale, rather than public rental housing. Although housing is allocated to lower and middle-income households, it has largely been perceived as a sub-market of the commodified housing market. Demand for public housing has fluctuated with the fortunes of the real estate market, reflecting the hegemony of exchange value over use value in Taiwan's housing delivery regime. Use value of housing is of little relevance even in the public sector. There is a large stock of vacant private units that have been built primarily to pre-empt an unfavourable zoning decision that would jeopardize the exchange value of the land, and which are purchased for their exchange value rather than their use value.

Further, landowners have tended to develop their land irrespective of market demand for the dwelling(s) or other use(s) in order to pre-empt unfavourable zoning decisions and ensure rising prices. In 1978 10 per cent of households in Taipei owned 40 per cent of dwellings. Taiwan's housing market has long had a high proportion of units for investment (Wen, 1988), which makes vacancy rates unusually high by international standards. Chang (1995) found that 13 per cent of properties in Taiwan were vacant in both 1980 and 1990, far higher than natural vacancy rates required for the smooth functioning of the housing market. Taipei in particular is a quite extreme case of housing stock having primarily an exchange value as opposed to a use value.



### *Beneficiaries of Commodification*

The philosophy of Taiwan's land and related tax system was to ensure that rising land values would accrue to the community. A rent ceiling for tenant farmers and sale of farmland was a de facto redistribution of benefit from the landlord to the peasants. However, these measures had political agendas: to undermine the power of the local landed aristocracy and to redirect resources from agricultural to industrial development as compensation was often in the form of bonds in state owned enterprises.

As discussed above, the LVIT and compulsory purchase were politically difficult to implement and therefore zone expropriation and land readjustment were preferred as the main measures for public land acquisition. This strongly favoured landowners who netted the lion's share of capital appreciation. Zone expropriation and land readjustment were also highly susceptible to political manipulation and land speculation as local political and interest factions, in alliance with the state, were able to combine smaller pieces of land bought at low cost and profiteer by manipulating the change of land use to their advantage. Although it is difficult to verify the extent of profiteering activities, recent land and housing development (particularly in metropolitan Taipei) are increasingly concentrated in the hands of large, nation-wide developers and local interest factions (Chen, 1995).

There has been significant land and house price inflation over the last few decades, which has provided nominal capital gains to most households; homeownership rates are high. Yet the housing finance system, size of downpayments, credit allocation system, pre-sale system and even the state subsidy regime, have favoured middle-class buyers (Lin & Chang, 1992). As mentioned above, public housing is a commodified sector, although it is developed on a non-profit basis. Cost-neutral developments mostly acquire sites in the private sector and therefore the sale price of public housing is highly contingent both spatially and temporally. Loose resale restrictions and retention of capital gains have greatly favoured the early buyers of public housing in prime locations. Lower-income public tenants may only lease their dwellings for a maximum of six years.

In spite of the land equalization policy Taiwan has a speculative property market associated with macro-economic developments. Three main price hikes occurred in 1973, 1978 and 1987. Urban land policies have played a role to support national economic policies yet have also enabled profiteering by local and central government politicians who have collaborated with interest groups. Big national consortiums and local land developers, allied with local political factions have been able to manipulate the real estate market to make huge profits (Hsiao, 1989). Life insurance consortiums (such as Cathay Life) were major players in real estate development before 1982. Aided by permissive regulations that allowed a higher proportion of their capital to be invested in real estate (Taiwan's limit was one-third, USA 15 per cent, Japan 20 per cent, Korea 10 per cent) (Lin, 1989), they were able to side-step government regulations forbidding banks to lend money to land developers.



Exploiting regulatory loopholes and the limited capacity of the planning system these groups engaged in land speculation through their political influence over the planning process (for instance control over the Urban Planning Committee, Land Value Assessment Committee and Real Estate Assessment Committee) and public projects. Planning standards were low, exacerbated by under-staffing, a low level of planning governance, poor co-ordination, lack of objective and independent planning processes, poor data quality, failure to establish planning standards and a lack of equitable compensation measures. With regard to the process of planning review, shortcomings have included poor co-ordination between review departments at different levels, poor specialization among urban planning committees, incapacity of the public monitoring system, poor review judgement and long delays, thus creating unfair reviews. Urban areas, especially established areas in Taiwan, became targets for speculation.

In spite of the principle of land equalization, speculation was tolerated in the 1970s for political reasons. The KMT government, responding to declining international support and a series of diplomatic setbacks, began to engage in an inexplicit and meandering path of 'Taiwanization'. Strengthening its relationship with Taiwan's elites, in particular forming alliances with consortiums involved in international trade, was the main strategy (Wang, 1989). The KMT also established alliances with local factions which brought further electoral returns. By ceding economic oligopoly and monopoly rights to local factions or "exchange of economic privileges for political loyalty" and "exchange of money for votes" (Hsiao, 1989, p. 151), the KMT won most local elections.

Until the early 1980s the KMT had a tight grip on political power. By controlling the distribution of economic privilege and suppressing political opposition, the government could control any serious problems caused by land speculation. The 1980s saw the beginning of the collapse of authoritarian government and the emergence of social protest and organized political opposition. The KMT government responded by introducing more liberal and democratic policies to absorb political opposition and consolidated its power by strengthening its alliance with the consortiums and local factions. However, by the late 1980s the consortiums had infiltrated the national assembly and were able to escalate their speculative activities under the better protection of their collaborators in the national assembly. The KMT government could no longer curb land speculation. At the same time, due to the complex and deep-rooted relationship between the government and the consortiums, major policy changes would be disastrous for the government.

Real estate development in Taipei County during the late 1980s to early 1990s is an example of the uncontrolled concentration of development in the hands of large national consortiums and local interest factions. Between 1988 and 1994 (Table 4), 11 per cent of total investment in real estate in Taipei County (part of metropolitan Taipei) came from building companies belonging to the Taiwanese top 100 consortiums and 18 per cent from real estate consortiums and large building companies. These two groups had close to one-third of the market share of the new housing market in Taipei County. If investment from building companies owned by local factions is included, about 15 per cent of the market, investment by consortiums and local factions was almost half of total investment. While the community had some influence in the main urban areas the main interest groups comprised the consortiums and local factions.

In due course the close alliance between the KMT government and land speculators became a liability to the KMT. This relationship was under continual attack from opposition parties as well as housing pressure groups. For instance, the 'Woo-Zoo-Woo' (No-House) Movement in 1989 lobbied the government to act against high and rising house prices by enforcing rent control, levying higher taxes on vacant land and housing units held for speculation, providing financial support for corporate housing and conducting an enquiry into tax fraud by developers and housing speculators (Li, 1998). This created a struggle between the consortiums and local factions with the government increasingly caught in the middle. While the KMT needed its alliance of consortiums and local factions to maintain political power, it could not risk losing electoral support

**Table 4.** Construction companies in the housing market of Taipei County (1988–1994)

	Number of housing projects		Total sales (billion \$NT)	
Real estate consortiums and large construction companies	169	7%	339	18%
Local factions	230	10%	278	15%
Taiwanese top 100 consortiums	89	4%	199	11%
Private construction	366	16%	101	6%
Self-help construction on self-owned land	69	3%	19	1%
Others				
Construction companies with more than one housing project developed	807	36%	541	30%
Construction companies with more than two housing projects developed	288	13%	197	11%
Construction companies with more than three housing projects developed	257	11%	151	8%
Total	2282	100%	1831	100%

*Source:* Chen, Dong Sheng (1995) p. 59.

and exacerbating social instability by alienating the housing pressure groups. It also needed to ally itself with the housing pressure groups to counteract the rising influence of the consortiums and local factions. The situation has become even more controversial with the electoral victory of the Democratic Progressive Party (DPP) in 2000.

## Conclusion

This paper has sought to identify the processes of commodification of land and housing in Taiwan during the era of rapid economic development since the Second World War. In the first instance, the aim has been to identify where urban development and housing delivery are located along a commodification continuum from wholly use value to wholly exchange value, with reference to Radin's (1987) idea of incomplete commodification based on social considerations. Drawing on welfare regime theory, it has also explored public housing provision as state involvement in the market or provision of social welfare and has sought to identify the major beneficiaries of shifts along the  $D \leftarrow \rightarrow C$  continuum.

The case study highlights the many and varied explicit policies and regulations to treat land as a community rather than private resource. Whilst land is mostly privately owned, land laws, housing finance, urban planning and the tax system have been designed in part to hinder commodification processes. Overall, land is deemed to be an incompletely commodified resource, where the unfettered market has operated in certain respects but the rise in land values associated with economic growth is deemed to remain a community rather than a private asset. In theory, this system should have limited capital appreciation in the private sector and redistributed much of such appreciation to the community via the state.

In spite of quite draconian legislation to curb speculation, ensure rational urban development to meet community and economic needs and garnishee the increase in land values associated with economic growth, this legislation has had little impact in slowing commodification processes. Land taxes have been little more than an inconvenience to rapid commodification of land and housing. Compulsory purchase legislation has had a curious and contradictory effect. The practice of reserving land for public facilities (LRPF) without market compensation and the long-standing practice of guaranteeing these sites for development, but not in fact providing the infrastructure for which purpose the sites had been expropriated hindered commodification processes. Extensive use of LRPF promoted the commodification by encouraging land speculation on the supposition that full urban services would be provided on the LRPF sites in due course. The government has been reluctant to use its considerable powers of eminent domain and has instead relied on land expropriation and zone expropriation to meet the need for serviced land, with impressive returns to landowners. The extensive use of zoning again had the contradictory effect of encouraging landowners to develop their sites for housing or other purposes in anticipation of an unfavourable zoning outcome and has resulted in relatively unfettered development, often with very dubious environmental consequences. Public housing has long been treated as a sub-sector of the commodified housing sector and has contributed to the owner-occupied stock rather than meeting housing needs. Public projects have long been required to be self-financing. There is almost no public rental housing in Taiwan. The beneficiaries of the land and housing delivery system have been mainly the middle class and powerful development factions with strong political links to the major political parties.

Taiwan presents an interesting and paradoxical case of shifts in housing along the  $D \leftarrow \rightarrow C$  continuum. While the regulatory regime and policy rhetoric have treated land as an incompletely commodified good, land and housing are almost totally commodified in Taiwan and the country has one of the most speculative land and housing markets in Asia—not a modest boast.



Legislation and policy have been an inconvenience rather than a barrier to reaping the benefits of rapid commodification associated with urban development and economic growth by the political-business alliance. The need to maintain stability and ensure allegiances in a very difficult political environment encouraged the state to collude with the undermining of its own legislative intentions regarding the redistribution of increase in the residual value of land as a consequence of urban development and economic growth to the community.

At present the situation is clearly in a state of flux. The slump in land and house prices since the early 1990s has dampened speculative activities and slowed commodification processes. The Democratic Progressive Party's second electoral victory has already brought about profound changes in the political alignment of local political factions. Whether this will weaken the traditional (under-the-table) processes of commodification and restore control over the urban development process to the state or result in the rise to power and influence of new factions is still unsettled. The growing political sophistication of the Taiwanese public and the development of a more holistic and sustainable urban planning process is also likely to impact on commodification processes both spatially and temporally.

What then does the Taiwan case suggest about commodification processes in urban development and housing delivery? It suggests that, unlike the cases of Hong Kong and Korea, the state has had an explicitly ideological agenda in treating land as an incompletely commodified good and is thus closer to Singapore. One model does not fit all the tiger economies. Yet it also highlights the tremendous difficulties in reducing commodification processes in the face of powerful interest groups whose support is sorely needed to meet other developmentalist agendas. Finally, it raises important questions about the impact of growing democratization on shifts along the  $D \leftarrow \rightarrow C$  continuum of the major factors of production in a market economy where developmentalist states have been very powerful, but that power is now declining.

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## Appendix:

**Table 1A.** Criteria of compensation for expropriation in Taiwan

Title of regulation	Number	Land expropriated	Criteria of compensation
1. The Land Law	239	Regular land	<ul style="list-style-type: none"> <li>• Where land value has been assessed and no transfer of ownership, compensation shall be based on its statutory value.</li> <li>• Where land value and ownership have been transferred, compensation shall be based on its value at the last transfer.</li> <li>• Where the value of land has not been assessed, compensation shall be based on the land value as assessed by the relevant Land Administration Office.</li> </ul>
	240	Land reserved for expropriation	Compensation of land reserved for expropriation shall be based on its value at the time of expropriation.
2. Regulations Governing Equalization of Land Rights	10	Regular land	Compensation shall be determined according to its official present value.

Table 1A. *Continued*

Title of regulation	Number	Land expropriated	Criteria of compensation
3. Urban Planning Law	49	Land reserved for public facilities	Compensation shall be based on the average official present value of its adjacent land for non-public use.
		Land reserved for public facilities	Compensation shall be based on the average official present value of its adjacent land for non-public use; extra payment may be added when necessary up to a ceiling of 40% of the official present value. Standard of the extra payment shall be determined by the relevant Land Value Assessment Committee.
4. Law of Building	45	Fractional lot	Compensation determined according to market value.
5. Statute for Upgrading Industry	25	Land in the industrial district	Compensation shall be in favour of the landowner after negotiated agreements with the landowner. The payment of compensation for the value of land referred to in the preceding paragraph is referred to as the general trading value.
6. Regulations of the Establishment of Science-Based Industrial Park	11	Private land within the park	Compensation determined according to market value.
7. Regulations of the processing and exporting zone	11	Private land within the processing and exporting zone	Compensation shall be based on the market value. Market value refers to the general transaction value of comparable local lands with the same designated land use.