

# The China News

The China News 英文中國日報  
ESTABLISHED 1949

Published daily including Sunday  
277, Hsin Yi Road, Section 2, Taipei  
Taiwan, Republic of China  
台北市信義路二段二七七號



Postal Zone No. 11000 P.O. Account: 2259 P.O. Box 1-23 Cable: CHINANEWS  
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Publisher: Shelley Lo Director: Ting Wei-tung Managing Editor: L. C. Chu

Subscription Rate: NT\$240.00 Per Month, NT\$8.00 Per Copy

中華郵政登記執照台字第一二九八號認爲第一類新聞紙類

TUESDAY, AUGUST 25, 1981

## Taipei's Land Problem

**I**NTENTIONS were good when the Taipei City Government ordered owners of vacant lots to put up buildings or sell the land to the city at less than market value.

This country subscribes to the unearned increment theories of Dr. Sun Yat-sen.

Real estate rises in value because of society's impact. No society, no value. Unless there is oil, who wants land in the middle of the Sahara?

So in Dr. Sun's way of thinking, the soaring value of land required by society should be taxed away for the benefit of society.

The theory is fine but the implementation is difficult. Those who buy land cheap want to profit, regardless of the responsibility for the increase. They ask why land should be treated differently from a factory or a business.

Various loopholes, not all of them honest, have been utilized to evade the tax on earned increment from land.

In the case of Taipei land, owners have been trying to hold the unoccupied plots for exorbitant profits. The supply of building sites is limited. As the supply dwindles, the remaining lots become more valuable.

At this time, the owner has another reason for not building. At today's prices, Taipei is overbuilt. People cannot afford US\$100,000 or more for a modest apartment.

With so many apartments unsold, another apartment house is going to stand idle for a long time with a huge amount of capital tied up.

Some land owners do not have the money to build. They must make a deal with a contractor. That is hard to do right now, because so many contractors are themselves hanging on the ropes with unsold properties.

There is no easy answer to this pro-

blem. If owners of the remaining vacant lots are let off the hook, they eventually will profit unduly.

If they are forced to build and cannot, the city gets the land at a bargain price. Maybe that is justifiable, considering that these land owners hung on for reasons of profit they were not supposed to make.

We live in a mixed economy. On the one hand, profit is recognized and approved when made by a free enterprise industrialist or businessman. We have both private and public businesses. On occasion there is competition between the two.

In the United States, which is still the freest country in the world economically, many of the great fortunes are founded on land holdings.

Although housing is now priced out of the reach of low income families in the United States as well as here, the reasons are different. Land is still reasonably priced in the United States; it is construction cost that has raised housing prices so high. In Taiwan, the land price has compelled us to build apartments rather than houses. In Taipei, most of the green belt has been turned to concrete and asphalt.

Probably it is too late to do anything much about the land situation in Taipei City.

But the problem should be carefully examined at a national level, because the Taipei experience is going to be repeated elsewhere.

Also calling for attention is our mixture of capitalism and socialism. The good life of our people attests that it isn't so bad. Yet nothing is so good that it cannot be improved. The pricing of the lower third of our wage earners out of the privilege of home ownership calls out for adjustment.