

Identity Politics and Culture-Led Urban Regeneration in Hualien City, Taiwan

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Abstract:

Since the 1990s, cities in Taiwan have begun to seek urban development strategies to solve new urban problems. The strategies have produced many new urban places, including revitalization of heritage, reuse of spare space, mega urban projects. The production of these urban new places is related to political decentralization and economic transformation driven by globalization, neo-liberalism, post-Fordism, and post-industry. This research will explore urban change and the political and economic context of urban development strategies of Hualien City—a small tourist city in the east coast of Taiwan, focusing on the period of political democratization and economic liberalization after the 1990s.

Localities have become an important arena to mitigate the impact of globalization. The economic base and spatial structure of most places have changed due to the rise of post-Fordism and deindustrialization. Global economic change also affects new discourses of urban development. Neo-liberalism changes previous urban policies that emphasize redistribution and even development to new principles of competitiveness, privatization, entrepreneurship, flexibility, and decentralization. Therefore, local governments play an increasingly important role.

The research will explore the following issues:

1. Explore major trends of the world economy, the impacts of these trends on cities of Taiwan, the spatial relations of cities, and the ways Hualien City have responded to these changes.
2. Explore the political economic process of urban policies in Taiwan and urban development in Hualien City.
3. Examine the discourses in the production of new urban places in Hualien City, especially the arguments for and against neo-liberalism (Leitner, Peck and Sheppard, 2007).

Keywords: neo-liberalism, Asia, development strategies, Taiwan, urban development, developmental state, new urban places

Urban space is always in the process of being shaped and reshaped by the spatial practices of different people and groups. This paper explores the production of new urban places at Hualien City of Taiwan after 1990. It uses three case studies of new places of analyze urban development strategies of the city.

The development strategy is an important issue because locality becomes a key arena to respond the impact of globalization (Clarke & Gaile: 1998: 3). The rise of post-Fordism causes the economic restructuring and has transformed economic base of the city around the world. Deindustrialization is a common problem for many industrialized cities. The operation of new economy is based on region. The international competitiveness of a region is determined by whether the region can create an economic cluster of companies or specialized labor (Ibid.: 3). Therefore, the active role of locality is crucial. The local community should be able to comprehend the tendency of globalization and seek ways to respond to it. The capacity of global thinking and local action is central for local development (Ibid.: 4-5) ◦

Global economic change influences the spatial structure and brings new problems of urban development. In the process of spatial restructuring under neoliberalism, urban and regional policies alter the goal from distribution and equilibrium to local competition, concentrating more resources to the region that are industrial clusters, to enhance the importance of the city-region in the international division of labor (Brenner & Theodore: 2002). New tendency of urban development is formed in the process of new economic and political change. The concentration of capital and political investment increases uneven development between regions. The policy shift under neoliberal discourses, including privatization, entrepreneurship, flexibility, and the reduction of central government's role, affects local development. Local government and community organization play a vital role to lead local development. Whether the local government and community organization have the capacity to analyze the impact of globalization and respond to it will decide the future development of local community.

This research will explore urban change and the political and economic context of urban development strategies of Hualien City—a small tourist city in the east coast of Taiwan, focusing on the period of political democratization and economic liberalization after the 1990s. Since the 1990s, cities in Taiwan have begun to seek urban development strategies to solve new urban problems. The strategies have produced many new urban places, including revitalization of heritage, reuse of spare space, mega urban projects. The production of these urban new places is related to political decentralization and economic transformation driven by globalization, neo-liberalism, post-Fordism, and post-industry.

New uneven geographical development and development strategies

The urban system in every country has been changing under influence of globalization. Sassen (2000) summarizes several trends of the change. In developing countries, megacities and primacy of major cities have increased. However, the internationalization of production and the development of tourism can lead to the emergence of new growth poles. If the new growth pole is located outside major cities, it will reduce the primacy of present urban system. In developed countries, the importance of a city is influenced by the internationalization of economic activities. The transnational urban system connects cities in a hierarchical relationship. The area outside the national, statewide, or global network will be increasingly marginalized (p. 55-57).

In response to the problems of deindustrialization and economic transformation, the cities in Europe and America use different strategies of development. U.S. Dept. of Housing and Urban Development unveiled a new report entitled "Strategies for Success: Reinventing Cities for the 21st Century" in 2001. The report summarized several strategies of development: redevelop city center, revitalize housing and neighborhood revitalization, create new destinations (for tourism, entertaining, culture, sports, or other leisure), upgrade old industry, invest on the promotion of industrial cluster and cooperation, develop labor force, attract high-tech industry, and create overflow effect of new economy. The capacity of local government is crucial for the success of the strategies. The local government should be able to analyze its own situation and has the flexible method to bring together funding and do marketing.

Many cities successfully transform themselves into the center of post-Fordist production and consumption, and the employment of the cities is mostly on service and cultural economy (Hamnett & Shoval, 2003). The strategies include the development of cultural industry (Hamnett & Shoval, 2003), marketing re-invented cities (Ward, 1998), attracting creative class (Florida, 2002), sustainability and equality (Fitzgerald & Leigh, 2002), and place-based programs of community development corporations (Vidal & Keating, 2004).

Many literatures criticize the development strategies. David Harvey points out the danger of commoditification (2005) and the entrepreneurship of urban governments (1989). Gordon MacLeod (2002) uses revanchist city to describe the city under urban entrepreneurship. The capitalist take over the leadership of urban development and exclude marginal groups or other progressive urban policies. Leitner, Peck, and Sheppard (2007) provide alternative ideas to contest neoliberalism: collective welfare, cooperation, consensus decision, understanding and respecting multicultural, equality, justice, and social welfare, and concerning environment. Leitner et al. also suggest the movements of contesting neoliberalism emphasize the attachment with local places, and the views and practices centering on local economy, culture, and ecology. The

movements focus on grassroots democracy, community economic development that stresses life as the center rather than profits.

Economic and regional development in Taiwan

The economic growth rate in Taiwan slowed down since the 1990s. In the decade of 1980s, the rate was ever more than 10% in three years, but after 1990 it was never more 10%. The rate is even slower since 2000. Industrial structure also changes rapidly. In the mid-1980s, the employment in tertiary industry exceeded that in secondary industry. The employment in primary industry, i.e. agriculture, reduced dramatically. Only 5% of employer persons are in agriculture in 2006 (Table 1). In terms of regional development, electronic and information industry is in the northern region; traditional labor-intensive industry and precision machinery industry are in the central region; steel and petrochemical industry are in the southern region. The eastern region is the least industrialized region. The emergence of China has greater impact on the central and southern regions because their industry is mostly labor-intensive (Ching & Chou, 2007). The distribution of population reflects the economic development of different regions. In 2007, 43.9% of population are in northern region, 25.2% in central region, 28.4% in southern region, and only 2.6% in eastern region (Urban and Regional Development Statistic, 2007). °

Table 1. Industrial distribution of employed persons

	Primary industry		Secondary industry		Tertiary industry	
	Taiwan	Hualien	Taiwan	Hualien	Taiwan	Hualien
1971	35	53	30	12	35	38
1976	27	46	38	17	36	37
1981	19	38	41	24	40	38
1986	17	24	42	31	42	45
1991	21	17	35	32	44	51
2006	5	11	36	24	59	65

Source: Urban and regional development statistics, 2007

Population and social economic status of Hualien County

The population of Hualien county was 347,000 in 2005. The number of population has decreased while the whole population in Taiwan is increasing. The majority of the population of Hualien county are living in Hualien City (31.55%) and Ji-An (22.4%). In terms of industrial structure, Hualien county has higher proportions in agriculture and service industry (Table 1). Tourist industry is the major economic base of Hualien County (Li, 2005). Taiwan began to

implement two days off per week in 2001 and created a new demand of weekend leisure. Tourism at Hualien prospers greatly after the new schedule of holiday.

The average of household income of Hualien county is 890,000 in 2004, which is lower than 1,123,000 of Taiwan. The poverty rate of Hualien ranks the third place of Taiwan. 2.81% of the population are low-income people. The average rate of low-income population is 0.91% in Taiwan.

Examining the Degree of Autonomy of local government

Local governments play an important role for the locality to react the impacts of globalization. However, the existing administration system is still a top-down system. Local governments have low autonomy due to the lack of financial independence.

1. Low fiscal autonomy of local government

According the tax law in Taiwan, most of the tax goes to the central government. Local governments rely on the tax related to real estate, which has relatively slower growth rate compared to the tax of industrial or commercial sector. The tax from real estate is especially limited for the less developed area (Wu, 2003). The tax base of Hualien county is among the lowest counties of Taiwan. Only 15.2% of real income of the county government is from its own tax base. In other words, 84.8% of its income is from the central government (Chao & Liu, 2006). This centralized tax system makes local government under the central government's control. Local governments have to follow the policies made by the central government. Due to the lack of funding, local governments have limited liberty to invent their own policies according their local needs. On the other hand, this centralized tax system makes the local government expand their budget in order to obtain the maximum subsidy from the central government, which causes a waste of the resources. This system also causes the dependence of the local government and does not force the local government to increase their tax base. On the contrary, the local politicians prefer to reduce tax to gain more votes. Therefore, most local governments have serious problem of deficits (Wu, 2003: 109; Chao & Liu, 2006). The debt of Hualien County government in 2006 reached to 9.4 billion NT dollars, which increased 7.98% since 2005. Every person in the county is in debt for at least 27,000 NT dollars (Ho, 2007).

2. The rigid system of urban planning makes the local government unable to adjust the city for the post-industrial development.

Due to the lack of fiscal capacity, the local government in Taiwan cannot implement big urban projects. The major power of local governments is on regulating land development. Local

governments can guide urban development by using the policy tool for land use planning and infrastructure planning. However, traditional planning mainly concerns the population growth caused by industrialization. The major consideration of planning is from the perspective of quantity and control. The present zoning is inflexible for post-industrial development. Local governments only enact piecemeal revisions of urban planning and cannot guide the restructuring of the city from a more comprehensive view of urban development for post-industrial development (Chou, 2002).

Central Government's Policy: Cultivate local autonomy for building a new nation

Although the local government lacks of autonomy in the present political system in Taiwan, cultivate local autonomy has been one of the goals of the central government since the 1990s. The motivation behind the goal is primarily political-- to construct a new Taiwanese nation. The secondary reason is economy-- to seek ways to utilize local culture for cultural economy or tourism, in order to prevent the decline of the places that are not the industrial cluster of growing industry. However, the importance of political goal often exceeds the economic one. A centralized policy to foster local autonomy indeed is a very contradict idea. Does the local government or community increase their independence under this policy?

1. Community Construction Policy

The KMT government was facing the political and economic challenges in the end of the 1980s. Domestically, political and social movements were emergent. Internationally, the countries in Southeast Asia and China were rising. The KMT government had to adopt new economic and cultural strategies to respond to the crisis. The new economic policies included establishing high-tech parks, supporting industrial transformation, deregulating financial and land control to attract foreign capital. Culturally, the government began to construct Taiwanese identity to separate from Chinese history. President Lee Teng-Hui initiated the "ben-tu-hua" (localization) policy and directed the Council for Cultural Affairs to carry out Community Construction Policy since 1994. The content of the policy includes "development of community culture", "substantial performance facilities in towns", "substantial cultural treasures and establishment of theme exhibitions in counties" and "local traditional cultural space to beautify." The policy serves several purposes. Politically, it encourages the involvement of local affairs and shapes the habit of democratic participation. It also tries to bring together the community consciousness to form local self-identity, and then transforming it into Taiwanese identity for a new nation. Economically, it intends to combine local culture and industrial development, creating cultural industry to revitalize local economy (Yen, 2007).

2. Re-define cultural heritage

Another central government's policy critical for urban development in Hualien city is the Culture Assets Preservation Law. The historical preservation is a complicated issue due to the uncertain status of Taiwan in the global society (Yen, 2007). Before the 1970s, the government neglected any historical preservation because three-hundred-year Taiwan's history is relative short compared to five-thousand-year Chinese history. Taiwan was Japanese colony for fifty years before the KMT government governs Taiwan, which is also a history that many people want to forget. This neglect continued until the end of 1970s when the United Nations recognized China government and Taiwan began to experience diplomatic isolation. Since then, the KMT government could no longer claim its legitimacy as legal and representative regime for China. It began to transform its cultural discourse from Chinese centric to Taiwanese centric, hence historical preservation became a state policy. The Council for Cultural Affairs was established in 1981 and the Culture Assets Preservation Law was enacted in 1982. However, the definition of heritage is according to its relevance with Chinese culture. Aboriginal or Japanese colonial buildings were not recognized as heritage in this stage (Yen, 2007). The recognition of aboriginal and Japanese colonial building finally launched in the 1990s when the state began to relate the local culture and build a new Taiwanese identity (Yen, 2007). The wider definition of heritage is important for Hualien City because the city was mainly constructed by Japanese. Many Japanese buildings can be preserved after the new definition.

3. Promote Culture and Creative Industry

The culture heritage bears the same duty as the community construction policy does—create Taiwanese identity for a new nation and develop cultural economy to revive local community. The DDP party came into power in 2000. The DDP government is more explicit to the goal to development cultural economy.

Facing the ongoing economic restructuring in Taiwan due to more intense global competition and China's magnetic effect, the DDP government enacted a national policy in 2002, Challenge 2008 – National Development Plan, to construct Taiwan as a “Green Silicon Island.” The plan included three reforms in political, financial, and fiscal domains and ten key plans to invest in manpower, R&D, global logistics distribution channels, and living environment. This plan showed the efforts of the government to develop a knowledge-based economy by enhancing labor and innovation. It also aimed at creating new economy such as establishing a regional headquarter for multinational corporations, and it is the first time to incorporate cultural and creative industry into national policy. In addition to economic development, this plan intended to

establish a sustainable living environment by encouraging a bottom-up approach of community development.

Among the ten key plans, two plans have a vital influence on the urban development of Hualien City. One is “Cultural and Creative Industry Development Plan” and the other is “New-Home Community Development Plan.” The Cultural and Creative Industry Development chose five places in Taiwan to set up cultural and creative parks, Hualien winery was one of the five parks. The cultural and creative park serves the function to create a favorable environment for the development of creative industries. It provides studio, gallery, performance hall, or meeting places for artists to promote cultural business. New Home Community Development Plan continues the Community Construction Plan in the 1990s. It proposed a new idea—Museum of Local Culture, to guide local government and communities in the reuse of empty space to establish various cultural facilities, to “enhance local cultural activities, tourism, and business” (Council of Cultural Affairs, 2004).

Examining Local Autonomy

The policies from the central government to encourage local autonomy have their own political and economic reasons. Are these centralized policies successful to enhance independence of local governments and communities so that the locality has the capacity to define its ambition and adjust itself for the new challenge of globalization? Lu (2004) found that the central government has transferred part of its power and resources to local governments and communities in the process of democratization since the late 1980s. From his case studies of natural conservation, communities, local indigenous tribes, and local governments play active roles in different cases. However, different locality has different stories. The degree of autonomy is determined by the characteristics of local members, including local governments, community groups, and local capitalists.

Due to the geographical isolation separating by the central mountain, the eastern region was considered as a marginal and border area since the Chinese Empire of Ching Dynasty (Hsia, 2005). The people in the eastern region also have considered this area as the less progressive place of Taiwan, so they believe that the eastern region is in need of industrialization. Therefore, even in the mid-1990s, the development plan of Hualien County government aimed at both goals of developing tourism and industrialization (Chi et al., 2005). In the 1980s, prosperous political and social movements also happened at Hualien. However, the majority of the social and environment movements at Hualien failed, including the movements against Ho-Pin Cement Industrial District, Taiwanese Cement Factory, China Paper Factory, an air-force base, and the widening of Highway 11. Compared to the adjacent county, I-Lan, which is a more politically

progressive county, Hualien's social and environment movements could not stop the polluted industry. Part of the reason is due to the internal conflicts of the community groups, but the major reason is the less autonomy of the local government (Chi et al., 2005). The local government of Hualien had followed the instruction and policy from the central government. Unlike I-Lan County, Hualien county government did not have its own discourse of local development. This paper is further discussing the issue of autonomy from the case study of new places in Hualien City.

New Urban Places of Hualien City

There are several kinds of new urban places since 1990s. This research project is still undergoing. Therefore, this presentation will include two kinds of new places. The first one is renovation of old Japanese houses. The second one is about a controversial hotel project at the beach, which is under petition of several communities, students, and environmental groups.

1. Preservation of Old Japanese Houses:

In the 17th century, Hualien was the place of gold mine for the Dutch and Spanish Colonists. The establishment of large settlement began in Ching Dynasty, but the Ching government did not do any major construction at Hualien. In 1895, Taiwan became Japanese colony. After a rebel of Ami indigenous tribe, the colonial Japanese government established an administration office at Hualien. It also encouraged the migration of Japanese people from Japan mainland and built several Japanese immigrant villages at Hualien (Chu, 2006). Japanese government started the modern city planning based on a grid system for Hualien city and built major infrastructure for the city, including harbor, railway, airport, and manufactory. Almost all the historical buildings at Hualien city were Japanese colonial architecture. Without official recognition as cultural heritage before the mid-1980s, Japanese buildings disappeared very quickly. Preservation efforts finally began to take action after the redefinition of cultural heritage in 1990s. The "new places" of Hualien city after the 1990s are actually renovations of old Japanese buildings. The major actors in different preservations are different. The study of the actors from these different cases will elaborate more about the meaning of local autonomy.

Pine Garden



Pine Garden was originally a Japanese military office built in the 1940s. After 1945, it was once a resort for American army. Then it was managed by different agencies and was gradually abandoned. In 1995, this site was destined as an international hotel. Local community was against this idea and began to form an organization to preserve pine trees and the building. This organization successful gained the support from Hualien County Government. The County Government applied its power in urban planning, changing the land use from hotel to park, and further submitted the application to the central government to designate Pine Garden as cultural heritage. In 2001, the Council of Cultural Affairs chose Pine Garden as one of the pilot projects for reuse of empty space and provided funding for renovation. Several community organizations and artists formed a new organization to continue participation and assist the renovation. Through the process of community participation, the new function of the space includes artist studio, cultural exhibition, an outreach center for arts, an ecological habitat, and tourism. By the end of 2003, Pine Garden was reopened to the public and now is a popular art center and also a park. After the renovation, the management of the space was first given to a community organization at Hualien and then to a professional artist management company. The funding of the management is partly from the coffee shop in the park, but mostly is still from the Council of Cultural Affairs.

In 2003, the first Hweilan International Artist Workshop was held in Pine Garden. But after that, the workshop chose other remote places of Hualien. Pine Garden is not suitable for artist studio because of the official regulation and the rule of management from the private company. The policy of reuse of empty space by the Council of Cultural Affairs is originated from the ideas of urban redevelopment in Europe or North America. Facing the problems of deindustrialization, the cities in those countries renovated abandoned buildings and created new destinations to

enhance the economic base of the cities. The renovated buildings have many different functions. They can be offices, housing, public markets, shops as well as art centers. The reuse of empty space policy in Taiwan was guided by the cultural agency of the government. Therefore, the function of the space is primarily for cultural purpose. There is limitation for commercial use (Yang, 2006: 41). The operation of the renovated building continues to rely on the government's funding. Due to the limitation from management regulations, these buildings are not suitable for artist studio. Many of the renovated buildings are still in the uncertain status about their functions. Even so, Pine Garden is still a very popular public space and tourist destination at Hualien.

Kuo Tze-Jiou Music Museum



Kuo Tze-Jiou was a local musician who was used to be a music teacher in Hualien Boy Senior High School. The location of the museum is the home of Mr. Kuo. It is an old Japanese house, which is also a faculty housing of the high school. The preservation is according to the national policy “Challenge 2008” that encouraged the establishment of museums of local culture. The Cultural Bureau of the county government and the school played a leading role to preserve of the house. This partnership makes the renovation process go smoothly. Hualien Boy Senior High School is taking care of the museum. Several concerts have been held in this place. This museum successfully enhances the construction of local history and the identity of Hualien people. On the other hand, the museum also increases the property value of the Mei-Lun area, which is an upper-middle class area of Hualien.

Hualien Old Winery: The Cultural and Creative Park



The old winery was a Japanese factory built in 1913 and became vacant when Taiwan Beer Company moved to a new site in 1988. The location is at the center of the city and has a large area (3.3 acres). Similar to the experience of Pine Garden, the preservation effort started from the community organizations and local artists. In 2001, Hualein County Government changed the land use of the winery into a historical park. In 2002, the national development plan chose the location as a creative and cultural park. Since this is the national plan, the Council of Cultural Affairs takes charge of the renovation. The county government assists the process. The private sector began to run the park after renovation in 2007 with most funding from the Council of Cultural Affairs. The Park bears the function of culture and tourism. It is an important site for art exhibitions, performance, and weekend art markets. The city center is a very dense commercial area without much open space. The opening of the Park gradually transforms the quality of city center.

Examining these three cases

Table 2: Three new places of Hualien and major actors in the production

	Major actor for Preservation	Secondary actor	Agency responsible for Renovation	Management
Pine Garden (2003)	Community organizations	County Government Council of Cultural Affairs	Council of Cultural Affairs	Community organization Private company
Kuo Tze-Jiou Music Museum (2006)	Hualien Boy Senior High School County Government	Community organizations Council of Cultural Affairs	County Government	Hualien Boy Senior High School
Old Winery Cultural and Creative Park (2007)	Community organizations Council of Cultural Affairs	County Government	Council of Cultural Affairs	Community organization Private company

The experiences of preserving the three places can be shown in the table above. In these three cases, community organizations are the major actor to initiate the preservation. Local government helps to seek the resources and funding from central government. Local government applies its power in land use to redefine the space and preserve the three sites. In addition, all these three cases were on the public land, so the local government can use the authority of land use without extra expenditure. Central government makes major policy and provides funding. After the renovation, private sector runs the places with major funding from the central government.

From these three cases, local government has lower autonomy to plan the future of development. Central government plays the leading role of making policies and providing funding. The development of local places is in the framework of central government. However, the policy goal to promote local autonomy and local culture gives the opportunity for community groups to be involved in the local affairs and become critical actors for local development.

Culture as the strategies for local development

The policies of Community Construction and Cultural Heritage are the cultural strategies of Taiwan to deal with the new international division of labor and new international relations in the 1990s. Their main purpose is to build a new sense of place (or a new sense of Taiwan) for constructing a Taiwanese nation (Yen, 2007). Local culture in every part of Taiwan becomes the center of the new identity. Old buildings can be heritage for the community no matter if they

were Chinese or not. The new identity towards locality changes the definition of history and heritage, and hence many abandoned space can be renovated, becoming new places for the community. The birth of the new places in Hualien City is owing to the new cultural strategies of Taiwan. The new places also bear the function to revitalize local economy. They are designed to be new tourist attractions and the base to develop cultural economy.

It is still questionable whether the political, cultural, and economic functions have been fulfilled. All three places have heavily relied on funding from the central government. One reason is because they are defined as public and cultural facilities, there is limitation for commercial use. Even if local non-for-profit organizations of Hualien run these places, these organizations are not active to seek other financial resources. The public funding is gradually drained due to increasing debts not only at the local government level but also at the central government level. How long the facilities can be maintained in present way is in doubt. The economic benefit of these places is hard to measure. Nevertheless, the tourists to Hualien do increase and the number of hotel is also increasing. The number of B&B at Hualien County reached to 546 in 2007, which was about one-fourth of all B&B in Taiwan (DGBAS report No. 100, 2007 May 29).

Politically, the intention to separate from Chinese culture caused internal conflicts within Taiwan. Due to the different timing of migration from China to Taiwan, people in Taiwan have different identities in the spectrum of pro-China and pro-Taiwan. The gradually frequent trade and travel between China and Taiwan also make the separation more difficult. After eight years in power in Taiwan, the DDP government just lost the presidential election. The future of cultural strategies will be under observation. This strategy has surely enhanced self-identity of people in Taiwan towards Taiwan island. Recently new ways of travel become popular for Taiwanese people, including visiting every 319 villages of Taiwan, bike tour around Taiwan island, and eco-tourism to indigenous tribes, which shows a new taste of local culture.

2. Tourist industry and local development

The preservation of three previous cases is relatively easy because the active role of local communities and the support from the county government. These three cases also gain the funding from the central government. Old Winery especially has a large sum because the national government intends to promote cultural creative industry. Another important reason is that these places are located on public-owned land and they are beautiful historical buildings. The preservation is also under the goal of the national government to promote tourism.

Preservation of buildings

Preservation of community life

The next case is very controversial because it deals with the disappearance of a fishing village. The profits from tourism gradually and rapidly destroy its natural and cultural landscape, and the life of the community. Different from previous cases, local and central governments aim at promote tourist industry and play an assisting role for private capitalists. The majority of local residents in the community are mostly fishermen, old veteran, and aboriginal people, which are relatively disadvantaged people in the society. The process of development excludes the participation of local residents. More and more residents are replaced by investors.

Chi-Sing-Tan is at the northern coast line of Hualien City and is one major tourist attraction in the city. It has been a small fishing village and has about one thousand people. In recent year, the pressure for development is becoming tense. Now it has about five small hotels. The largest one has 46 guest rooms. Investors also have bought lots of land and waited for resale. Some of the land is public-owned, but the government has already sold some parts of the land to private investors. Therefore, old residents, including many old veterans, either voluntarily and involuntarily move out of the place.

As mention above, the planning department of the local government did not have much capacity to lead local development. They only passively implement the land regulations. However, the decontrol of land regulation will actually bring out a great profit for private developers. Land regulation is still has certain crucial power to lead local development. From Chi-xin-tan's case, the local government uses land regulations to help developers to make the best profits at the expense of environment, local culture and the disadvantaged residents.

For the small hotels, local government only has a very relaxed building code. These hotels can use 100 percent of the land, which means they do not need to leave any yard around the building. The only limit is 18 meters' height. There is no review on the building design in terms of architectural form and waste management.

Local government not only welcomes private developers and even helps them to avoid environmental assessment. In 2007, the county government passed a large hotel project at Chi-Xing-Tan. However, this project was rejected by the environmental bureau at the central government level. In 2009, the county government applied for a new regulation and gained the

approval from the central government. The new regulation removes the requirement for environmental assessment for the land development under 5 acres.

Conclusion:

The rise of post-Fordism and deindustrialization have changed the economic base and spatial structure of many previously industrialized places. Localities become an important arena to mitigate the impact of globalization. The new discourse of neo-liberalism also changes previous urban policies that emphasize redistribution and even development to new principles of competitiveness, privatization, entrepreneurship, flexibility, and decentralization. Therefore, local governments play an increasingly important role.

The present political and fiscal system in Taiwan limits local governments' capacity to pursue their own development strategies. Central government controls the resources and defines the goal of development and most local governments follow the centralized policies. The central government has applied cultural strategies since the 1990s to cultivate local autonomy in order to construct a new national identity and to revitalize local economy. The new definition of culture and heritage creates opportunities for the recovery of old buildings, especially the ones built in the Japanese colonial period. The birth of new renovated places bears cultural and economic functions. The new strategies have increased the participation of local communities and self-identity. The economic benefit of the cultural strategies is still under examination.

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