

TO REMOVE WALLS OR NOT: ANALYSIS INTO THE DILEMMA OF CHINESE “BLOCK SYSTEM POLICY”

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Abstract. Property right protection has gradually become a major concern for the emerging and expanding group of homeowners in China, which entails an institutional change regarding community governance. The aim of the paper is to identify the reasons why the Block System Policy initiative in China has caused a social resentment and had to be suspended under considerable social pressure. Employing qualitative grounded theory research method, including an analysis framework of the torque equation from a social physics perspective, as a method of analysis, this study analyses the contrasting arguments around whether or not the community walls should be torn down in China, to expound the tension between the different agents' preferences on BSP initiative, and to shed light on the inherent logic of the debated policy. The key variables used to predict the trend of BSP have been supposed to be the preference intensity and the effective multitude of the organized stakeholders, whose multiplied products will count for the general balance of the policy direction. Additionally, by reviewing Chinese historical idiosyncrasy for walls, this paper particularly stresses the importance of the homeowners' intensity of preference to protect their property rights and resources, which substantially shaped the destiny of the policy.

Keywords: *Block System Policy, Multitude of Stakeholders, Property Management, Preference Intensity, Real Estate, Social Policy*

INTRODUCTION

Community governance has become a focus area in the rapid urbanization of China. With billions of people living in modern residential communities, policies affecting the current status quo in communities arouse great concern in the society. In China, similar to other countries, government policies affect the social and economic values of communities. However, China is witnessing an increasingly influential power from the emerging homeowner class, who are striving for autonomy or self-government over their community areas. Current attempts to transform Chinese community status quo will involve deep institutional redesign and will be confronted with strong claims from various stakeholders. One current debate involves what is known as the Block System Policy (hereafter referred to as BSP), which was proposed, and soon thereafter suspended, in 2016. The BSP was initiated in February 2016 when the Central Committee held a National Urban Conference to pass a prescriptive guideline on community governance titled “The Approaches to Improving the Urban Planning, Building and Managing” (Central

Committee of Chinese Communist Party & State Council, 2016). This document demands that the residential communities in modern China gradually open their community gates and demolish their enclosing walls so that the inner resources, like roads and gardens, could be made available to the public. This policy change encroaches on a broad range of private interests of homeowners, resulting in a negative response by this stakeholder. In no time, the BSP came to a halt in the face of astonishing misgivings from civil society. The matter made known the fact that the community redesign contemplated by BSP involves more than government's subjective wills; instead, this community redesign is dependent upon a balance among diversified stakeholders' interests, especially when the initiative entails a reshuffling of the established institutional norms.

Ironically, while China is a country full of philosophies stressing less intervention with civil society, policy entrepreneurs somehow seem to neglect or disbelieve their advocates. For example, Laozi, a Chinese ancient philosopher, pointed out that ruling a large community is like frying a small fish in that too much stirring will break the fish into pieces, so less action might be preferable. Likewise, the "light touch" governing principle will be more advisable in social management and the natural way will create sufficient order (Roberts, 2001, p. 1). In the field of community governance, non-intervention, peace, and ease are also the expected values contributing to a harmonious community order. BSP is one of the cases that is trying to "stir the fish" in community governance, hence arousing heated controversies over its effect. Although arguments in support of BSP have been continuously trying to make people accept the proposal, criticism (even protests) of this initiative is powerful enough to make policymakers hesitate and delay the implementation of BSP. However, since this policy is far from being cancelled, it still hangs like a sword of Damocles, directly affecting mass sensitive nerves of homeowners. Therefore, this article provides a special analysis of the benefits and drawbacks of adopting the BSP and additionally provides recommendations for better community governance in China.

1. LITERATURE REVIEW

According to the research by GU & Wei (2017), the block system was proposed by Jane Jacobs. In her book, "The Death and Life of Great American Cities", Jacobs described an urban block as the basic unit of a city design; she insisted that the redevelopment project in a city would have to deal with the exclusive blocks which are like "islands within the city" or "the cities within the city" (Jacobs, 1961, p. 47). In her opinion, in the enclosed block, even "the fences were not visible at first, sooner or later the fences or walls tend to become literal (Jacobs, 1961, p. 10). By contrast, the Chinese version of the block system, known as BSP in 2016, attempts to do the opposite by removing the community walls. This policy initiative was developed in line with "rationalized planning" logic (Corn, 1986, p. 164). As the 1933 Charter of Athens introduced, urban zoning functions could be clearly classified into four blocks including dwelling, work, recreation, and transportation (Congress Internationaux d'Architecture Moderne, 1946). This Charter has influenced urban planning long after World War II, and its argument for clear-cut

division of urban functions still prevail in many of Chinese cities, especially in the process of real estate development and urban zoning. For instance, the past decades of real estate development in China have seen a sharp separation of dwelling areas from commercial or work areas. In appearance, the living blocks tend to be a self-contained entity consisting of some buildings, public utilities, greeneries, and the inhabitants called a neighbourhood. And more often than not, such entities are enclosed with walls so as to separate them from outside. And the enclosing walls are in fact acting as boundaries between insiders and outsiders, as well as between private and public.

In modern Chinese residential communities, walls are seen as an essential component for social management (Ren, 2016), they are believed to provide the homeowners with a needed sense of security and privacy, and also conform to their expectancy of house appreciation, which made them keen on keeping the communities surrounded by walls. Nonetheless, the abruptly proposed wall-removing BSP caused great concern among the homeowners. Therefore, to remove or to keep the walls has become an urgent debate to settle. Public choice theorists believe that a decision made by a small number of people tends to spread a large external cost among other stakeholders (Buchanan and Tullock, 1961). When a few policy entrepreneurs wishfully proposed BSP, they were actually sacrificing certain rights and interests of the Chinese homeowner. There is something rational in wall-removing arguments. For example, for correcting some shortcomings of the Charter of Athens, the World Architect Federation adopted Machu Picchu Charter in 1977, which supports the elimination of walls in blocks. The document stated that “modern buildings become isolated elements denying the fact that human mobility requires fluidity and continuity of space as a series of component parts” and it called for “an integrated multi-functional environment” to be the ideal urban block pattern (Calvo & et al., 1977). Therefore, BSP is actually a shift of urban design from Athens Charter paradigm to Machu Picchu Charter paradigm. In fact, soon after the People’s Republic of China (PRC) was founded, China’s urban design followed the logic of Athens Charter to define communities as living areas for the collectivist unit employees and their families while the community governance at that time was used as a kind of social control (Arcuri and Jing, 2019). Considering the convenience for rulers to control and for residents to maintain security, keeping walls around residential communities has become so favourable a choice that an obvious path dependency has taken shape to live with walls surrounding.

Walls are favoured by not only Chinese people, but also by humans across the world. For example, Richard Nixon, the former President of USA, once praised Chinese for having “a great wall” to exclude outsiders (Elizabeth, 2007), and President Trump is also showing extraordinary interest in setting up American’s own great wall along the border (Poston & Morrison, 2017). It is widely accepted that walls help strengthen security, restore the rule of law, and serve as effective protection against crime. Trump himself tried to argue that walled living pattern is popular with private communities because people enjoy “living their lives behind walls and gates and guards” (Trump, 2019). For his “big dream” of having walls built, he tried to persuade the whole nation that “the people of our country want the walls. I have never had so much support as I have over my stance for the wall or

the barrier” (Brady, 2019). So, walls are often understood as a protection and exclusive means by which people can know their right boundaries and behaviour restrictions.

In this sense, walls are like a stop sign in traffic that indicates a no-trespassing order. When stakeholders are aware of one another’s rights and responsibilities, they will know what to expect and not to expect. No wonder human beings like to quote such saying as “love your neighbor, yet don’t pull down your hedge” (Franklin, 1890, p. 233); or “good fence makes good neighbor” (Barnet & King, 2008). In addition, whether or not a wall has a net positive value depends on one’s perspective and attitude towards walls. For Trump, the walls would protect America from any encroachment; for Germans in 1991, the Berlin Wall fell to end separation, hostility, and exclusion; for laissez-faire advocates, walls limit free trade and increase transaction costs; and for the Chinese homeowners, at present their walls are playing the role of physical guarantee of their privacy, rights, and interests. Therefore, such subjectivity in evaluating walls has led to hot debates over the wall-removing BSP. According to the official initiative, the key measure of BSP is to stop developers from building new walls around the parcel of land that they bought for constructing commercialized condominiums, as well as to have developers gradually tear down the established walls along with the present condominium communities (CPC & State Council, 2016). However, China’s BSP debate is virtually about whether to make private property resources within communities public. So far, there have been two sides with contrasting arguments. On the one hand, BSP supporters try to prove that tearing down the walls of communities will bring a chain of benefits, such as reducing illegal constructions, improving government’s incentive to invest in raising the community level, and improving urban transportation. For example, Chen J. (2016) makes elaborate effort to argue that walls around communities have not exactly brought expected security, and on the contrary, they are hindering urban citizens from enjoying more dynamic street trade which could only be accessed in open blocks. What is more, he has also appealed to the international experience (in New York City, London, and Tokyo) to promote BSP with the excuse that open communities are the common form where residents can walk instead of driving for shopping and eating out, and by so doing can save a large amount of resources. For endorsing BSP, the advocates also tried to establish connection between street vitality and open communities by maintaining that BSP would “make urban life more healthful, make transportation more convenient, and make the cultural heritage more intact” (Wong, 2016). As for the legal qualms, Qin P. (2016) proposed a blunt statement that “to protect private property right is never so desirable as to advance public benefit in the form of expropriating private property when necessary”. By so speaking, Qin seems to devalue the inherent natural rights of homeowners. At the same time, Wang & Yan (2016) also made use of case studies to show that panic would be irrational at the thought of getting rid of community walls. Among the cases they listed, the Rhine Side Community in the Yibin City of Sichuan Province was an example in point. This community, with European design style, is said to have succeeded in combining commerce and livelihood.

Furthermore, Li Z. (2016) challenges the present walled community pattern by

elaborating a list of its shortcomings: 1) enclosed communities with walls are nothing but the legacy of the planned economy and should be discarded; 2) the ongoing parcel transfer process is convenient for developers to build and sell their commodity houses, but harmful for urban road zoning on the whole; 3) the separateness caused by superblock walls leads to “sub-societies” which is not good for interpersonal actions and social harmony; 4) the enclosed community with walls call for much more resources; and 5) vehicles, having to move around communities, tend to burn more fuel and pollute the environment, as demonstrated in the charts below.

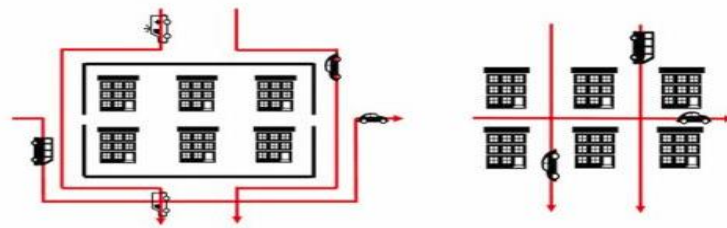


Fig. 1. The influence of block walls on the public transport (Tencent, 2016).

To add, Zhang F. (2016) also announced that the treatment for “urban diseases” lies in opening the walled communities because so doing would increase the road availability to the mass public. Meanwhile, Jin (2016) provided another comparative study to show that opening the community walls would help public transport be more convenient and facility services more accessible inside communities. It is true that superblocks with walls lay open to criticisms as far as city planning concerned. For example, Kunig (2019) states that these superblocks “churned out” by urban sprawls have become a big challenge for the city planners to realize their expected dense and mix-use communities. Moreover, as early as a half-century ago, Jacobs (1961, pp. 198–204) explained that small blocks with diversity and vitality are preferable to those dull, homogeneous or even dead “super-blocks”.

However, as it is absurd to give up eating for the fear of choking, so it is for policymakers to rashly adopt wall-removing community policy without considering the aspects that are more relevant. In particular, despite the negative arguments against walled communities, some basic principles have to be kept in mind, among which respect of property is one of the most important. The need for property protection is actually embedded in human nature and even Jacobs herself had to agree to that point. For instance, she quoted a Manhattan case only to show public transport pursuit should give way to property concern:

The Manhattan Borough engineers decided to cut ten feet off sidewalks. This was part of a mindless, reutilized city program of vehicular road widening. We people ...from overlapping street neighborhoods took petitions and spread them father... We were up against a sanctified general policy on street treatment, and were opposing a construction job... No public hearing was required, for technically this was merely an adjustment in the curb line. We were told at first that the plans would not be changed; the sidewalk must go. We needed power to back up our pipsqueaks

protest... Indeed, a main purpose of our petitions was to dramatize to the district at large that an issue had erupted, with (stakeholders') help, we won (Jacobs, 1961: 124–125).

The lesson drawn from this case is that even though a policy sounds sensible in a technical and public perspective, policymakers should consider the perspective of all stakeholders, particularly when legal rights and established property rights are being affected. In fact, the opposition to removing walls is more noteworthy.

On the other hand, the criticism of BSP is also noteworthy. Lin (2016) warns that the communities deprived of enclosed walls would usher in more traffic into the residential areas, surely increasing noise and road dangers but decreasing comfort. Meanwhile, Lin suggests that a western-style democratic vote on whether or not opening communities should be held. Similarly, Cheng (2016) opposed to pressing BSP because he thinks the community walls are essential to maintaining order, security, and serenity. Interestingly, Feng (2016) offers a reflection on BSP's influence on the economic value of real estates. He holds that the developers could not be keen on BSP just because that might devalue the living quality of the communities hence ultimately lowering the house price and the potential profits.

One of the biggest restraints for implementation of BSP will be the question of community resource allocation. That is, how to manage and distribute the revenue from community resources and facilities? For example, the parking areas and green spaces within communities that are now owned exclusively by homeowners would be turned public when BSP is adopted. With the community walls removed, all those land resources would definitely provide a large amount of public good but at the expense of private homeowners. This institutional change in property rights is bringing forth many complaints about equity and efficiency. Furthermore, Rui (2016) is worried that BSP would raise more challenges over the established property management pattern.

Therefore, BSP has led to many debates and has something to do with the property reshuffling and interest rebalances at the community level. However, even within Chinese laws, some tensions exist. Although all land belongs to the nation in general, Chinese Property Right Law has clearly prescribed that the homeowners be entitled to the common areas and common revenues inside community zoning lines (Guo, 2016). Therefore, while city designers could propose what they believe to be good for the public by introducing BSP, the legal arguments against tearing down the community walls are strong as well. So, a further analysis, with a focus on social physics, is necessary to shed light on a desirable path.

2. METHODOLOGY

2.1. Grounded Theory

This paper is based on the Grounded Theory research methodology including the framework of social-physics. Firstly, "Grounded Theory is a research methodology concerned with the generation of theory... (and it is suitable) for developing theory that is grounded in data which is systematically gathered and analyzed" (Noble & Mitchell, 2016, pp. 34–35). The Grounded Theory can be used

to discover the emerging patterns in collected materials and then to shape certain theories from the facts. Our research is based on textual studies, practical observations, and gathered historic data. Then we design a structured analysis of the data in order to come up with a synthetic framework that is ‘grounded’ in the facts before applying it to the practical interpretation of the status quo and to predict the trend for the block system promotion. Additionally, part of the historic data included social physics which was included in our analysis framework. Social-physics paradigm was developed by Auguste Comte who proposed to set up a scientific branch to let social analysis be more scientific. Comte pointed out “now that the human mind has grasped celestial and terrestrial physics...there remains one science, to fill up the series of sciences of observation – social physics, which is what men have now most need of” (Comte, 2000, p. 33). He labelled it a kind of positive science “to get rid of opaqueness and ambiguity in social researches” (Comte, 1996, pp. 29–30). In China, Qian Xuesen, a leading physicist, echoed Comte’s ideas and emphasized that physics-based approaches to the social construction would be more sensible and desirable (Qian, 1988, pp. 10–22). Since then, it has become a conscious endeavour in China to try to apply the mindsets, principles, and methodology of natural sciences including physics to analyse social and economic problems. Therefore, social physics becomes “an interdisciplinary subject that makes use of natural scientific approaches to explain the social behaviours and phenomena by properly combining and reasonably revising the natural science theorems.” (Niu, 2001). In practice, Arcuri & Jing (2019) have tried to exploit this approach dealing with Chinese community issues. Now we would continue this mindset and methodology to use physics principles to analyse the BSP controversy. We specifically choose the torque framework for facilitating our analysis of the conflicting arguments of the controversial BSP because we believe a balance model would be relevant and suitable for representing the two contrasting forces, as shown with F_1 and F_2 below.

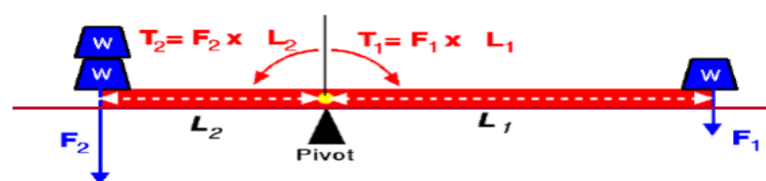


Fig. 2. Torque model in natural physics (Glenn Research Center, 2019).

As described by the Glenn Research Center (2019), in classical physics, when a force is exerted on an object, the object accelerates in the direction of the force according to Newton’s laws of motion. As long as a force is closer to the pivot, a larger force must be applied to make the object move in the direction of the force. And as long as a force gets farther from the pivot, a smaller force is needed to make the object move. The product of the force and the distance from the pivot is called torque. An object at rest will continue to do so until it is subject to an external torque.

“An object may be acted upon by multiple torques. The motion of the system then depends on the net torque on the system. In [Fig. 2 above], we have a beam on which some weights are sitting. The beam itself sits on a

pivot. To the right, a single weight produces force (F_1) acting at a distance (L_1) from the pivot. This creates a torque (T_1) equal to the product of the force and the distance. To the left of the pivot, two weights produce a force (F_2) at a distance (L_2). This produces a torque (T_2) in the direction opposite from T_1 the distance is in the opposite direction. If the system was in equilibrium or balanced, the torques would be equal and no net torque would act on the system” (Glenn Research Center, 2019).

Expressed in the formula, when only two forces exist, equilibrium is represented as:

$$T_1 = T_2 \quad (1)$$

Now using the same torque model for our BSP analysis we first identify the first force F_1 as the major supporter of the BSP policy initiative to tear down the community walls whereas the opposing force F_2 refers to the major supporter of keeping the walls intact. L_1 and L_2 represent the intensity related to each respective force. Using this model, we explore the inherent logic for BSP stakeholders before predicting the trend of BSP.

Here, we describe intensity as the concept of preference intensity. We can see from the well-known torque formula that while the forces on both sides are important, the distance between the pivot and the force point also plays a critical role. In fact, what determines the balance is not only the force magnitude on either side of the balance but also on the distance between the force point and the pivot. The longer the distance is, the more weight a decision-maker would put on the corresponding force or factor. That is why Archimedes used to proclaim that he could move the earth once he could have a lever, a fulcrum and a place to stand. The secret of this statement lies in the distance between the force and the pivot.

Then within the framework of our analysis we consider the preference intensity as the counterpart for this distance. Just as what Aesop tried to teach us, a hare can run faster for life than a hound for supper (James, 1881, p. 19). Similarly, the secret lies in nothing but the difference of intensity degrees for respective preferences of the dog and the hare. What determines the amount of torque is not only the force multitude but also the degree of intensity of motivation.

2.2. Explanation of the Key Concepts

1) Preference Intensity

As for the variable of preference intensity, Buchanan & Tullock have provided an impressive explanation:

“When all individual preferences are of assumed equal intensity, simple majority rule will insure that the summed “benefits” from action will exceed the summed “losses.” In this way, simple majority rule appears to assume a unique position in terms of a very restricted “welfare” criterion” (Buchanan & Tullock, 1999, p. 127).

Ideally speaking, equal intensity of preference would make many social matters easy to approach. But in the real world there are “varying intensities of preference” among stakeholders. That is why a minority of people sometimes exhibit a stronger

influence than the majority of people if the former has a more intense preference and is better organized. Therefore, Buchanan & Tullock (1999, pp. 133–134) would rather differentiate “a man who is passionately opposed to a given measure” from “another man who is slightly favourable but does not care greatly about it” and they think it irrational to give “equal weight to both in the process of making final decisions”. So, recognition of different intensity of preference will make a base for stakeholders to arrive at a better-off Pareto improvement. At the same time, we will take Maslow’s theory of human needs as a basis to contribute revised insights. As we know, Maslow (1943) established the hierarchy of human needs, which is interpreted as the order for preference intensity.

Among the limitless human needs, the lower hierarchy of human needs turns out to be the more pressing and decisive one, it usually takes precedence over the higher needs in effectively shaping human behaviours. Hence, anything related to the basic needs will be given high priority in practice. For example, although physiological needs seem primitive biological needs, they are directly related to one’s survival. So, such hierarchy of needs proves to be the most powerful motivating factor for a human to make rational choices. Therefore, we can come up with an order in terms of preference, which happens to be the mirror image of the well-known Maslow’s pyramid of needs, as shown below.

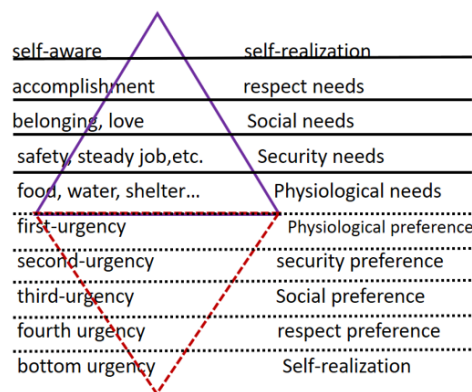


Fig. 3. Maslow’s hierarchy of needs and their mirror image for preference order (developed by the authors by using Maslow’s Theory).

In short, the needs that are closely related to one’s survival tend to be given more care or more preference intensity. The need for shelter security and property rights, as falling into the physiological needs hierarchy, prove to be more urgent, preferable and overwhelming. By contrast, the needs in the upper hierarchy are given less preference and attention despite their appealing names and good convocations.

Having such hypotheses, community walls are understood by the homeowners as their basic needs with a high preference intensity. At the same time, privacy and less noise or transport within the community boundary will also be the homeowners’ great concern. Moreover, the official calling to adopt international experience or to make transport flow smoother invariably sounds more irrelevant to them. After all, the institutional background and basic mores in those developed countries and China are different, and any one-sided argument for transportation without caring

for property right is weak.

2) Multitude of stakeholders

Secondly, we pay attention to a different kind of parameter: the multitude of organized stakeholders. China now has a high homeownership rate, as shown in Fig. 3. Given the large population base, we can see how large a population the homeowner class are.

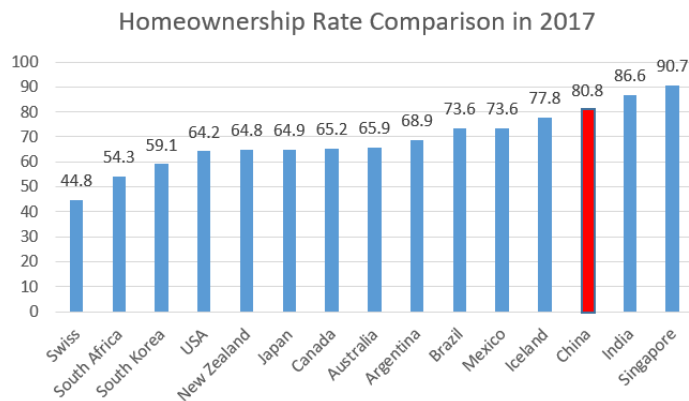


Fig. 4. Homeownership rate comparison among countries in 2017 (Gan, 2017, p. 2).

With Chinese commercialized housing reform launched, a lot of Chinese people have realized an identity shift from mere resident to property asset owner. In this process, the neighbouring communities are gradually turning into a special kind of commodity bought by numerous customers. Their property consciousness is simultaneously strengthened in the rational interactions seen in Fig. 5.

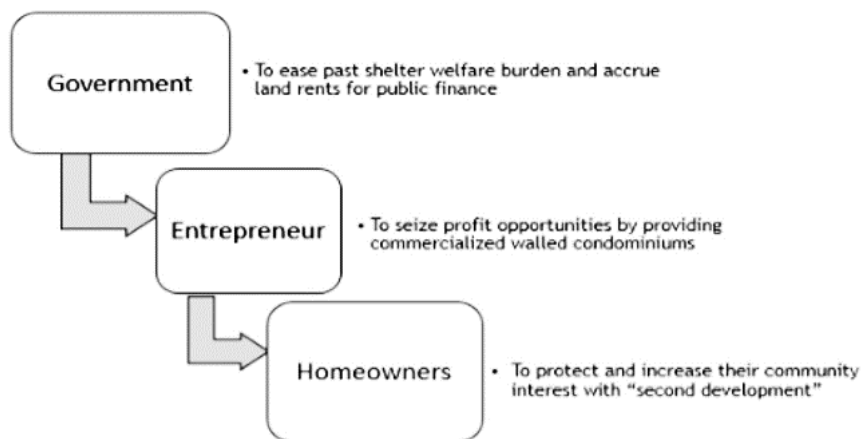


Fig. 5. Major Stakeholders' Rational Consideration with Modern Communities (developed by the authors).

Under such milieu, the BSP's longing for removing community walls would risk losing homeowners' support. After all, homeowners in the communities at present have become house consumers in the market economy instead of those waiting for the government to distribute shelters in a planned economy. As Mencius

(a philosopher in ancient China) once pointed out, “property makes a person more concerned and more dependable whereas a property-less fellow will fall into carefree and indifferent state” (Yang, 1960, p. 117). So, any wishful change of the established property rights will surely arouse an enormous reaction from billions of homeowners, who are ready to take every effort to protect their property earned at a great cost. For example, Fan (2018) admits that even a down payment of a house in modern China might drain up to three generations’ savings of an ordinary family.

Because the homeowners today are more interested in protecting their hard-earned property, they prefer to realize the community governance style of autonomous management or self-government, which makes community walls especially important to ensure their private property rights. Actually, walled communities usually have three characteristics: 1) Enclosure, which means there are walls (or fences) set up around the community to separate it from the outside areas. The residents have to enter or exit through specially guarded gates and any people without proper ID could not be allowed in; 2) Large size, which means such communities often occupy large plots of land, and the larger the size, the more influence they could exert on urban transportation; 3) Changes with time, which means despite lower level of development within the community areas, they often become very crowded and prosperous downtown spaces as urbanized movement continues (Sun N., 2007). These characteristics reinforce the desire for autonomous management and protection of property rights.

3. APPLICATION OF PARAMETERS TO THE TORQUE FRAMEWORK

Deriving the Torque Model and the parameters above from physics, we developed a model for analysing BSP, as shown in Fig. 6.

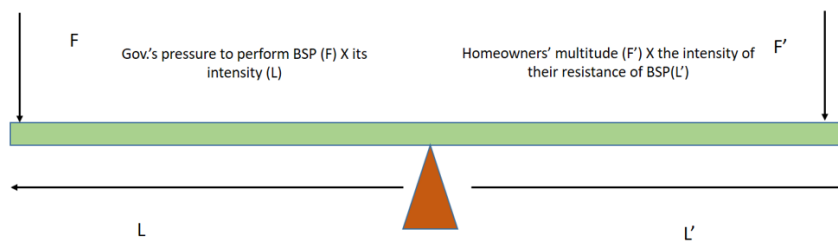


Fig. 6. Torque frameworks of BSP (developed by the authors).

Specifically speaking, there are four parameters within this framework.

1) Parameter F

This parameter refers to the government’s preference to tear down walls for implementing BSP. Actually, the community enclosed with walls has proved to be the result of previous policies. As prescribed in the Chinese Land Administration Law, “all land in China is in charge of the central government” (National People’s Congress, 2005). That means that all real estate development programs began with developers’ bidding for land use right instead of land ownership. Since the land use right in China is time-bound, as stated in the Chinese Urban Real Estate Administration Law,

economically rational real estate entrepreneurs tend to build attractive and marketable condominiums with skyscraper apartments enclosed by walls, which helps strengthen the living communities' security, prestige and habitability. At the first stage of this pattern, the government could be easily satisfied with the revenue from selling the land use rights for a certain number of years. That has made a huge incentive for local governments to realize the rapid urbanization and house-commercialization. Nevertheless, as time goes by, the governments discover that the land available for sale is dwindling and the revenue they had collected for future decades turned out to be used up only in a few years.

As it is hard for local governments to find an alternative to the land revenue, the authority resorts to levying new taxes on properties. At the same time, the re-development of the established communities would be another remedy because that could automatically make publicized the parking lot, leasing space and other amenities and resources would be all used to generate longed-for lucrative benefits. From this perspective, the private communities with enclosed walls appear a blockade for the government's vision of urban land re-use. To make way for the government's access to the community land, the policy suggestion has been initiated to open all communities and their resources. However, the present homeowners presented negative feedback in this process. While government attaches customary importance to its own opinions, parameter F stemming from the giant bureaucratic leviathan system might loom considerably changeful and whimsical. Suppose it grants a very huge weight on its subjective preference, the authoritative power would likely just press it to be carried out.

2) Parameter L

When it comes to the preference of authority to remove community walls, the reasons are mainly about benefiting the street economy, following international experience, or facilitating public transport. However, these preferences often seem not so strong and convincing, and sometimes even self-effacing. For example, the concern of street economy vitality has been contradicted by another ongoing policy known as "cleaning the holes on the wall". As reported, "this campaign failed to pass through any public debate" (Myers, 2017), but was rather aiming to drive migrants out of urban areas by destroying street economy that they live on (Gao, 2017). Considering the value of diversity and good mixtures (Jacobs, 1961:177), this rash "cleaning wall holes" seems very bad to the local economy. But ironically, BSP was proposed just by using the banner of boosting the street economy. This inconsistency between two contrasting policies certainly reduces the degree of the authority's preference to carry BSP out.

Similarly, international experience cannot be taken as the main reason for tearing down the walls, either. China is a nation with the Chinese characteristics, so international experience will not necessarily lead it to adopt foreign measures. Therefore, we can reasonably conclude that this international concern has minimal weight. As for the transport concerns, we have to advise a trade-off, since any rational choice would have its pros and cons. What matters is to ensure the overall

benefit. So, the decider cannot tear down community walls by simply holding the reason that opening the walls will increase public road use. Simply put, the authority’s own preference to realize BSP is not persistent or is characterized by only limited intensity of preference.

3) Parameter F'

On the other side of the balance, human being’s preference to protect their own property is deep-rooted and strong. Aristotle stressed the role of property in shaping human being’s actions and interactions; meanwhile, Mencius also echoed this opinion by pointing out the special role of stable private property for their dependable mindsets. Ronald Coase further expounded on the paramount importance of property in boosting the economy. Likewise, community governance needs a sound property awareness to engender the expected order and harmony. Therefore, community walls take an outstanding position among the homeowners who are attached to clear-cut areas for their privacy and property security. Therefore, anybody who threatens trespassing their property rights would have to be confronted with natural resistance. Besides, as mentioned previously, Maslow’s hierarchy of needs also made property right protection urgent and tenacious. As known, Ostrom et al. (1994) propose an influential classification of goods, as illustrated below.

		Subtractability	
		Low	High
Exclusion	Difficult	Public Goods	Common-Pool Resources
	Easy	Toll Goods	Private Goods

Fig. 7. General classification of goods (Ostrom, et al., 1994, p. 7).

In fact, real estate developers, who sometimes also provide relevant public goods to make the community a habitable complex, provide most community CSR. So, the developers should not only care about the shelters as such but also should get the relevant public services delivered, including roads within the community and the illuminating equipment, advance management of property, public security and order maintenance and other facilities for schools, clinics, sports facilities, etc. Of course, the obligation falls onto all owners and when the houses were sold, all these costs would be transferred to the new purchasers. So ultimately, these services were ultimately financed by all the apartment residents. These owners spent money on both their own special shelter and the common space in the complex. A case in point is the Tiantongyuan Community, whose population has been estimated to be as much as 300 000 in 2007 (Liu J., 2007). The apartment buyers ultimately shoulder the burden of community facilities provision, like greenery, safeguarding, and maintenance. However, considering the enclosing nature of the present community governance, there would be a large number of misfits in terms of community asset management and community service provision. Suppose the community would become open all of a sudden, the internal resources of the

community would be immediately made public. In addition, one of the biggest constraints lies in the property right protection and the doubts over the imbalance between the cost privatization and benefit externality with communities deprived of their exclusive walls.

With walls kept intact, the community resources including parking lots and gardens will be seen as private goods; but when walls were removed, the exclusion would be made more difficult and the community resources would probably be turned to common-pool resources or even public goods. For the public sectors, that would be definitely good news since the public assets would be increased to a great extent. Nevertheless, this gain is at the cost of mass homeowners' interest. As interest will drive individuals to pursue their goals, it is little wonder that great repulsive voices emerged at the moment this policy was initiated. The mass media in China performed surveys to see the people's reaction to the policy proposal. For example, soon after the policy was made public, Sina Corporation performed an online poll whose result shows that the overwhelming majority (80 percent) of homeowners objected to tearing down their community walls. Considering the gigantic base of a 1.4 billion population in China and the high homeownership rate, the multitude of opposing force is definitely considerable.

4) Parameter L'

History shows that any decision ignoring public complaints would be doomed to failure. Chinese rulers are used to comparing mass people to water in that water can carry the boat and submerge it; likewise, people's preference can establish an institution and overthrow it as well. Therefore, people's preference would be an underlying key factor in the destiny of any policy. In most situations, people could be content with their situations, however, when something threatens their direct interests, they will have an inclination to ignore the policy. That is why Li Keqiang, the Prime Minister of China, remarked, "encroaching one's interest surely arouses men's deepest concern and reaction" (China Daily, 2013). Even the government has to consider the stakeholders' intensity of preference before attempting to realize something. In classic literature of "The Great Learning", the statement is often quoted that "the policymakers have to follow people's preference and avoid arousing their dislikes" (Wang G., 2007, p. 31).

Then what is the mass homeowners' preference in the official BSP promotion? We would like to use some examples to answer this question. In Tianjin, China, a well-known community governance mode is emerging. It was figured out by Mrs. Cui, who stresses the sensitive role of property rights in maintaining a normal order in community governance and property management. Development of a strong awareness of property rights among stakeholders is at the core of her conceptual model. In details, she maintains that a wholesome order at the community level depends on "clear delineation of property, constant respect of due rights, quantified responsibility, and accounting transparency" (Cui, 2011). Interestingly, her approach to community conflicts proved noticeably successful and now it has become a model across China. Since private rights tend to impose limits for what members should enjoy or not, it is worth making an inquiry why community

members' preference to differentiate among themselves turns out helpful in establishing a sound community after all? In this regard, Derek Phillips' observation is thought-provoking:

“Once a distinction is made between those inside and those outside the community, various mechanisms operate to keep the borders between them firmly drawn. Physical, social, psychic, and behavioural boundaries all help maintain the distinction between those who belong to the community and those who do not. These boundaries prevent or minimize the influence of people with different ideas or opposing values and ways of life various rules about leaving the locale, about who is allowed to enter and about the extent of permissible contact with visitors helps maintain a community's physical separation from the surrounding environment. They function to create strong psychic boundaries concerning its membership...The community itself is conceptualized positively and the outside negatively Thus movement toward the realization of community is frequently accompanied by feelings of dislike, contempt, and even hatred toward outsiders... And the hostility toward outsiders is often a consequence of differentiating one's own community from other groups” (Phillips, 1993, p. 165).

There is a quality embedded in human nature to pay high respect to a rights' limit, particularly a property right. In this sense, the walls in the present Chinese communities happen to meet a human's inner strong preference to have a sign for labelling a community. The historian Lewis echoed this argument by admitting, “it was the universal custom of human groups to draw a sharp line between themselves and others to define the group and reject the outsider. This basic primal need goes back to the beginnings of humanity and beyond them to most forms of animal life” (Lewis, 1995, pp. 31–32). Exactly, not only animals like dogs prefer to draw a scope for their activity, but also human beings also tend to make sure they are secure in acting within their own areas. Overall, people have an intense preference to have a confirmation that they could see to that their property could be exclusively their own. Chinese community homeowners have strong preference for protecting their private property rights and are exhibiting tremendous power in an organized way, which makes the torque model slant downward to the homeowners, whereby $T_1 < T_2$ because $(L \cdot F) > (L' \cdot F')$ largely due to the fact that $L \ll L'$.

4. FURTHER ANALYSIS OF BSP FROM TRADITIONAL MORES

Historically, China has a deep-rooted idiosyncrasy for walled communities and has developed a nation constantly emphasizing the demarcating functions of the wall (Li, 2009). In China, walls are widespread in rural and urban households. It is believed that China has witnessed at least three major phases of walled residential communities.

4.1. The Ancient Times before PRC was Founded

The first phase dates back to feudal times when urban residents were divided into certain blocks that were protected by high walls with gates. At that time, the

managers of the blocks used to be situated at the gate to supervise all the block members. For example, in the capital of China during Tang dynasty, there were 108 blocks in the city and all blocks were invariably protected by walls from outside

Chinese attachment to walls has been embedded in certain cultural memes and mores. In this sense, the Chinese people seem to hold a strong belief that “good fences make good neighbours”. Chinese traditional communities were generally self-organized under the leadership of patriarchs, elders or local elites. The communities then were generally managed in a spontaneous order (Xue, 2016). As for whether or not building the physical walls around the community blocks, it used to depend on people’s social status, economic capacity, and natural conditions. However, in the famous painting of Bianliang (Chinese capital during Song dynasty) called “Riverside in Clear Days”, the walled residential communities dwindled greatly.

The dwindling of walls was promoted by advanced commercial activities during the Song dynasty. As Palmer pointed out, the Song Dynasty of China showed high respect for the market economy, and one of its emperors even openly defended the function of commerce by stating that “Profits from commerce are very great, and if properly managed, they can amount to millions [of strings of coins]. Is this not better than taxing the people?” (Palmer, 2009, p. 351). That is to say, for reducing transaction cost and boosting trade, walls could sometimes be torn down. In most of the Chinese history, the country kept stressing enclosed communities, because the residents believe that the walls are able to provide a higher sense of security. Even in open-community Bianliang City, there were still strong walls surrounding the city.

4.2. Planned Economy Era Soon after PRC was Founded

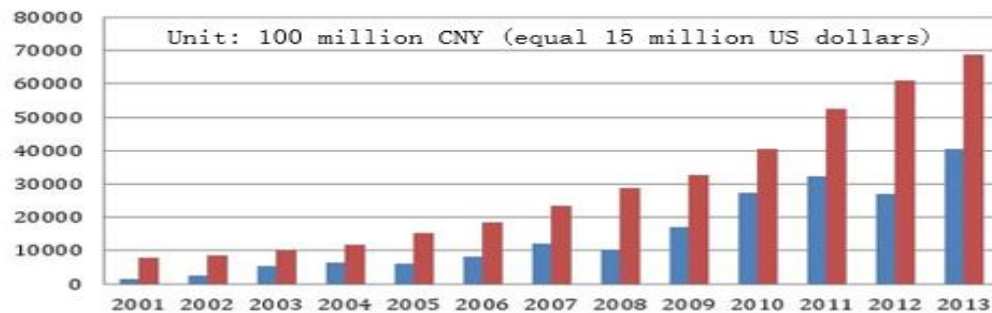
The second phase took place in the Chinese planned economy era when Unit-controlled communities were invariably enclosed with walls as self-contained entities. Through the socialist reform, the government concentrated and then distributed land. With property resources in central control, a new community pattern emerged, known as the unit system nicknamed *Danwei Dayuan*. Under this system, community members were classified into certain organizational units that were responsible for providing welfare, including shelters (Arcuri & Jing, 2019). In addition, the unit-citizens often lived in the walled and gated yards where the employer-units were obliged to keep order in the entire complexes, to offer maintenance and other public services. Such pattern unintentionally conforms to what Jacobs idealized as the mixture of the neighborhood, industries, and commerce (Jacobs, 1961, p. 153). Meanwhile, similar patterns were part of the experience in the former Soviet Union. According to Nikolay Vecher, “When the Soviet Union was in power, each citizen had a legal right to a home... As a citizen’s right, apartments were assigned to each individual by the local district administration. State Housing and Operational Offices carried out maintenance and repairs. Residents were responsible for paying utility bills along with some maintenance costs” (Vecher, 2017). Likewise, China’s planned economy gave birth to a similar pattern of residential communities with work units delineating the boundaries of the communities. Then, walls around most of the unit-related communities appeared.

The information on the post-reform era is provided further.

4.3. The Post-Reform Era

The third phase in the history of walled communities started with the commercialization process of the Chinese real estate. This restructuring has been accompanied by the attempts to get rid of the previous dilemma caused by the planned economy. That is, the obvious drawbacks of the planned housing pattern (such as low efficiency, fewer incentives, and obvious scarcity) made Chinese policymakers yield to the market economy in order to appease the simmering complaints from social members. Especially, while the population increased quickly, the houses available under the unit system turned out to be limited. The great social pressure and complaints about the shelter scarcity finally started the commercialization of housing. Finally, the market-oriented reform took place for the purpose of liberating productive incentive and providing more houses. Meanwhile, the Russian experience of large-scale privatization of apartments soon after the collapse of the former Soviet Union also strengthened China's determination to reform its housing institution. Then, Chinese housing privatization process started and the former *Danwei Dayuan* turned into the real estate market. The emerging developers also follow suit to get their projects enclosed with walls. It is said that 95 % of the commodity houses are located in the walled communities, with the driving factors being government design, established tradition, and modern real estate entrepreneurship (Xue, 2016). And often such a choice would better cater to the customers' safety-and-privacy-valued psychology. Thus, walled communities became widespread in China.

According to a recent Chinese documentary (CCTV, 2019), *Donghu Liyuan* in Shenzhen was the first commercialized community. That community was developed by a Hong Kong real estate entrepreneur to be designed as a walled area in 1979. Keeping up with William Petty's doctrine that "land is the mother of wealth" (Li B., 1990), the Chinese government succeeded in using the market mechanism and capital power to build up countless communities, interestingly and invariably within walls. Although such pattern was once criticized as contradicting the Chinese socialist constitution (Qin, Cai, Peng, & Wang, 2018), Chinese leaders at that time were very utilitarian and helped realize the commercialization of land use rights throughout China. Anyway, the incentive for the institutional land change lies in the government's great incentive. It is said the revenue from land use right transfer constituted nearly a half of the Chinese total government income in the respective years (Xu, 2014), as shown below.



Note: blue represents land revenue and red – the total government income

Fig. 8. The salient position of land use right transfer in the government's income (Xu Y., 2014).

After a series of propaganda about commercializing land use right (Xu & Zou, 1988), the State Council finally ratified a policy proposal to legalize the transactions related to land use rights in 1990 (Sun & Zhou, 2013). Then, the emerging commercialized houses and old shelters in the walled unit-yards could be traded, and the Chinese real estate market boomed immediately with the prices rocketing meanwhile. Then the profit-sensitive real estate entrepreneurs flooded the real estate market. To the government's pleasure, the real estate developers offered a considerable amount of money to local governments for the land use rights. For example, as expressed in a report drawn up by PRC Ministry of Finance, only in 2009 the money the government earned for transferring land use right was as much as 1.42 trillion CNY (PRC Ministry of Finance, 2010). According to Sohu Land Finance (2018), the money local government collected from selling land-use rights to developers as of 2018 reached nearly 20 billion US dollars.

Actually, this controversy originated from local governments' institutions regulating land use. Liu S. (2017) pointed out that China's unique arrangement of land use was the engine for its rapid economic growth and restructuring, but it was also this "developing-on-land-finance" pattern that imbues strong incentives for local governments to depend on land revenue, hence bringing hardship for China to realize further upgrading. The important restraint lies in the limited amount of land resources. When all lands are sold, the local governments will be confronted with an insurmountable financial crisis. As the urban land is turning less and less available with many neighbourhoods occupying a considerable amount of land, it is no wonder the government has the incentive to take some land back for public use. Nevertheless, because China has claimed to adopt the market economy, all changes in the established property rights have to be implemented in a legal and reasonable way.

Meanwhile, a noteworthy power emerges that is embedded in homeowners property rights. In other words, the Chinese homeowner class is waking away from property right indifference and is outgrowing the old passive receptive mode they used to employ in the planned economy era; instead, they have become keen on realizing autonomy for their communities conducting by the rule of law and respecting contractual obligation. Shadowed by this priority, other specious benefits seem inadequate to convince them to follow BSP advocates. It is believed that

arbitrary interventions will be regarded as unwelcome in the present China (Cui, 2011). Cui Mode in Tianjin succeeded in community governance just because it makes clear the question of who should be responsible for what at whose expense and benefiting whom, accordingly. (Chen Y., 2015) Communities are turning into some experimental field for democracy and autonomy in that all safeguarding, sanitary work, greenery nurturing, and maintenance will be discussed openly, while the rights and obligations of stakeholders are clarified in the new balance scheme.

Moreover, as the ratchet effect indicates, this preference once originated tends to last and is hard to get back. Community homeowners' robust sticking to their legal property rights is actually like trying to gain power from Leviathan interference. And the homeowners' power is experiencing a transformation from informal organization to formal organization. It is estimated that 20 % of communities have set up their own homeowners' associations, which facilitates the residents to claim their property rights. As "an association or a corporation must be established to administer the provisions, the powers of the organization may include many of the functions typically performed by government, the organizations created, typically a home's association, have been called private government." (Hagman & Juergensmeyer, 1986, p. 232) Then, with the "private government", the residents in communities will not only have a more intense preference to protect their property rights from infringement, but also have more effective measures to have their intentions implemented, which undoubtedly adds to their side of "torque" to a large extent.

BSP is essentially a trial for reshuffling property rights of homeowners, so they expressed deep concern and made timely negative feedback. In line with the Chinese constitution, the government is the owner of all urban land in the country (People's Congress of China, 2018). Theoretically, the government, as the only true landowner, has the legal right to set or reset how the land will be used. However, the use right of the land in neighbourhood communities has first been transferred to the developers. Of course, such temporary transfers (say 40 years or 70 years) were virtually a kind of lease (Kistler, 2015). Then the developers built an apartment for sale. For more profits, the developers preferred skyscrapers thanks to their larger capacity. For example, a 24-story building that accommodates 96 households will surely bring more money to developers than a 6-story one. That is why in the Chinese cities now we could see a lot of skyscrapers in the neighbourhood communities. But according to the Chinese Property Law (National People's Congress, 2007), when the ultimate homeowners buy the apartments, they are at the same time entitled not only to the private shelter, but also to all common areas inside the community zoning line but outside the private shelter, including lawns, parking lots, facilities and other property management spaces. Exactly this regulation motivates a large population of homeowners to get organized to protect their legal rights. Tocqueville had explained it by writing, "custom and mores ... founded a kind of right in the very midst of force" (Tocqueville, 2010, p. 19). This emerging power demonstrated the strongest resistance against BSP, which attempts to tear down the walls of their communities little by little. This spontaneous power from the emerging homeowner class will form a considerable opposition against the authority power.

Therefore, the walled communities now started to carry more significance than mere shelters and any attempt to change the status quo would seem a leeway from the natural demands for property protection and against the Chinese deep-rooted preference to have their living areas enclosed. The somewhat whimsical publicizing of commercialized community resources with a wall-tearing-down policy would loom irrational no matter in the name of what public good or social well-being it is implemented. What is more, this preference to keep walls seems to be characteristic of the human being as a whole. As indicated by Zev Trachtenberg, in human personality there is a natural tendency to defend their private property (Trachtenberg, 1997). In Locke's eyes, even the government per se is formed for the sake of enforcing individual property rights (Locke, 1980). And for Thomas Jefferson, it was also respecting the property rights that enabled citizens to participate in self-government institutions (Jefferson, 1944, p. 278). Since the "shared way of life" is considered as the bond that unites people for any formal agreements (Rousseau, 1984, p. 113), a boundary for a limited area seems necessary to separate the public and the private and to ensure balance among various interests. Therefore, as the paradox discussed by Frost shows, friendly relationship and good neighbourhood could be maintained only by means of mending the walls. Otherwise, when missing, the expected and mutually agreed boundaries, chaos and conflicts would arise to bring harm to the relationship itself.

Therefore, the considerations of stakeholders have resulted in a strong opposition to BSP, as shown below. Unless there were pressures large enough to surpass the natural and tenacious preference of people to protect their own assets, such policy initiative can only receive less optimistic acceptance, as shown in Fig. 9.

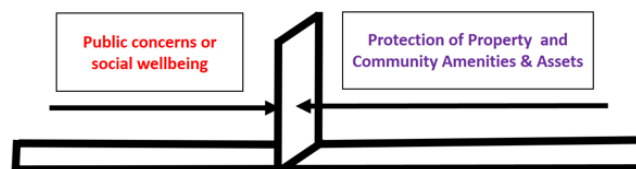


Fig. 9. Newtonian mechanics applied in BSP (developed by the authors).

The conclusions are provided further.

CONCLUSIONS

The attempt of Chinese BSP to remove community walls seriously affects the homeowners' property rights, hence violating their intense preference to manage their own common assets. Since community walls play an important role in offering a needed sense of security, personal self-worth, autonomy, and property ownership, these more basic human needs offer a stronger motivation. The homeowners' tendency to keep the walls intact will also give off great force against BSP, which was understandably suspended almost as soon as it was initiated. Despite a list of reasons offered to support this policy, such as boosting the street economy, international custom, and improving transportation, etc., none of them could be powerful enough to counter people's deep-rooted drive to protect their legal property

rights. This has been vividly shown through the Torque Model. Therefore, any change in the basic social policy has to yield to the fundamental rules of human preferences and behaviours.

Now that the sense of property is important, the walls enclosing communities appear necessary. As the saying goes, out of sight, out of mind, the rationality-bounded human beings tend to trespass certain limits if somebody tells them without proper evidence that there is a limit as such! In other words, visible fences or walls, functioning to block sight and covet thoughts, are necessary for mortal humans. Anyway, a good lesson with BSP experiment is that the government has to keep itself within proper limits, just like the ancient Chinese philosophy teaches – the policymakers can use and can be defeated by policy subjects just like a boat can be used in water and be destroyed by water. Authority must be very cautious not to trample the homeowners' interests without restraint. The requirement of BSP that the blocks should be opened has no rational and realistic net value.

Where there is a will, there is a way. The will does have power. Likewise, where there is a stronger will or intensity of preference, the preference will exhibit greater power and effect. So, a stronger intensity will surely offer longer leverage, which grants one with exceptional power to maintain their arguments. Since the intensity and multitude to keep walls surpass the opposite parameter, for now, the larger torque on this side has made the initiative of wall-down block system sensibly suspended. For the present Chinese communities, respect of property rights will be the sure way to settle conflicts over illegal intrusions and to promote community harmony. Otherwise, carefree tearing down of the community walls will not only break the established contract but will also set a bad example to tramp upon the normal property rights, since the resulting blurry state of property ownership would generate more complaints at the community level.

Overall, just like a Chinese proverb goes, a hare without an owner is soliciting a hundred persons to chase it, but a hundred hares with owners will be chased by none. So is true for the walls enclosing the present Chinese communities. A good definition of rights will surely be beneficial for avoiding much more complaints about interest violation. Thus, the respected property rights, with the help of enclosing walls, will be a necessity for the harmonious order in the modern Chinese community. Therefore, our policy suggestion for the controversial initiative of tearing down community walls is to let community resources belong to their legal owners instead of risking making the private goods public indiscreetly. Since the enclosed communities with walls are the result of previous policies, any attempts to change the status quo will have to change its cause at first, which involves complex institutional change. Supposing the basic institution remains intact, the mere expectation of the effect change will make no sense after all.

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