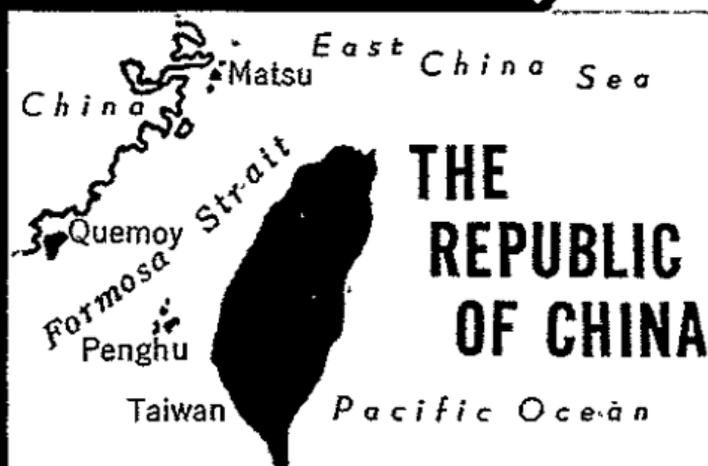


FACT SHEET

*Mutual
Security
in
Action*



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THE REPUBLIC OF CHINA in December 1949 established its provisional capital at Taipei on the island of Taiwan, about 100 miles off the coast of mainland China. "Taiwan" is a Chinese word, meaning "terraced bay." When Portuguese explorers first saw the island in the 16th century, they called it "Ilha Formosa" (beautiful island), and for many years the island has been known to the Western World as Formosa.

Taiwan has had contacts with mainland China for many centuries and was under undisputed Chinese political control from 1662 onward, achieving separate provincial status in 1885. Following the Sino-Japanese War in 1894-95,

however, Taiwan was ceded to the Japanese and became an early landmark in Japanese expansionism. At the end of World War II the Government of the Republic of China received the surrender of Japanese forces on the island and established the Taiwan Provincial Government with its capital at Taipei. When the Chinese Communists seized control of mainland China in 1949, the free Chinese Government withdrew to Taiwan.

At the time this withdrawal occurred, Taiwan's economy was nearly bankrupt. Productive facilities developed under Japanese occupation had been badly damaged in the war. Farm production was low, industrial production negligible. The influx of some 1½ million refugees—civilians and members of the Chinese armed forces—was an enormous strain on the island's resources. The United States helped first with emergency relief supplies and then provided capital, equipment, and technical assistance to help rebuild the strength of free China.

In less than a decade a transformation has occurred. The total output of goods and services (gross national product) has gone up about 60 percent since 1952 and per capita gross national product over 25 percent. Agricultural production is up 26 percent and industrial production 125 percent over 1952. Exports have risen about 40 percent. The increased exports of industrial products give promise of lessening China's dependence on sugar exports.

The vigorous efforts of the people of free China, with U.S. assistance, have been devoted not only to building a strong base for the island's economy but also to improving living conditions. Intensive health programs have made the population one of the healthiest in the Far East. School

Mobile X-ray vans tour the island of Taiwan in the fight against tuberculosis.



enrollment has increased tremendously, and the literacy rate is now over 90 percent. New possibilities and new opportunities are daily arising.

This fact sheet presents some of the highlights of the cooperation of the United States and the Republic of China.

The Country

Taiwan is some 250 miles long and 90 miles wide and has an area of 14,000 square miles. This is a little less than the combined area of Massachusetts, Connecticut, and Rhode Island. On Taiwan there are nearly 11 million people.

The islands of the Penghu (Pescadores) group about 25 miles west of Taiwan and several small islands off Taiwan are administered by the Taiwan Provincial Government. The Republic of China also controls two groups of offshore islands near the China coast: the Quemoy group and the Matsu group.

Despite 50 years of Japanese rule the people of Taiwan are thoroughly Chinese in language, culture, religion, and race. The only remnants of the non-Chinese population are some 150,000 aborigines who still inhabit the isolated mountain regions. According to 1955 estimates, about four-fifths of the Chinese of Taiwan were island-born descendants of the Chinese who emigrated from the mainland in the period between the 16th and 19th centuries. The others were mainland-born Chinese—and their children—who fled from Communist oppression during and after the military conquest of the mainland.

About 83,000 Chinese live in the Pescadores Islands; and the offshore islands have a population of about 58,000, in addition to the garrison troops.

Languages spoken on Taiwan include various Chinese dialects. Mandarin is used in the schools. Japanese is a second language for many persons, as a result of 50 years of Japanese rule. English is understood to some extent by many educated Taiwanese. With the exception of a minority of Christians and Muslims, most of the people on Taiwan are Buddhists, although their religious beliefs also include an amalgamation of the traditional Chinese practices of ancestor veneration, Taoism, and the philosophy of Confucianism.

Taiwan is the third most densely populated country in the world, but by Asian standards most of its people are well fed, well clothed, and well housed. Many farms produce two crops a year.

The island lies in tropic and subtropic zones, but since it is mountainous it has climates that range to temperate and even cold at higher altitudes. There are 168 mountain peaks, the highest over 12,000 feet. Over half the land area is forested. One-fourth of the people live in cities of more than 50,000 inhabitants; the majority reside in small rural villages. Rainfall is abundant over most of the island. Since Taiwan lies in the path of Pacific typhoons, from three to six typhoons strike the island each year. In 1959 they caused severe damage.

The Economy

The energies of its people, a highly developed agriculture, and a large hydroelectric potential are the most significant resources in Taiwan's economy.

Taiwan has abundant forest resources; considerable coal, salt, limestone, and sand for making

glass; limited amounts of copper, asbestos, talc, mica, sulfur, and other minerals.

Sixteen rivers come down from the Central Mountain Range. They have short courses to the sea and flow rapidly. As of September 1959 Taiwan had installed power generating capacity of 632,000 kilowatts (448,000 hydroelectric, 184,000 thermal), and it is expected that this will increase by 300,000 kilowatts by the end of 1961.

A land reform program instituted in 1953 benefited 554,000 farm families by providing land for those who had formerly been tenants, while permitting landlords to retain part of their holdings with reimbursement for the rest. Whereas previously 41 percent of the farmland was operated by tenants, now over 68 percent of the farms are owner-operated. Tenant farmers occupy only 11 percent of the farms, and 21 percent of the farm area is public land.

The majority of the people on Taiwan make their living directly from agriculture, although the percentage is not so high as in other parts of the Far East. About 60 percent of the labor force is in agriculture, 10 percent in manufacturing and mining, and the rest in personal services, commerce, transportation, government, and professional classes.

Sugar and rice are principal agricultural products, and Taiwan is a major exporter of both. Other exports are tea, canned pineapple, citronella oil, and bananas. Exports of textiles, hardware, machinery, and chemicals are growing in importance. Taiwan's imports include machinery and tools, metals, chemical fertilizer, raw cotton, wheat, crude oil, and beans.

Total merchandise exports amount to approximately \$160 million a year; and imports total approximately \$250 million. Japan takes 46

percent of Taiwan's exports. About 50 percent of imports come from the United States, and about 33 percent from Japan.

Per capita gross national product in 1958 was about \$100.

The first 4-year development plan was completed in 1956, and a second plan was begun in January 1957. Both plans have emphasized assistance to industrial development. Numerous new enterprises have been begun through private investment by Taiwanese, overseas Chinese, and foreign investors.

The United States and the Republic of China have an investment guaranty agreement. Under a program administered by the International Cooperation Administration, the U.S. Government guarantees U.S. investment in Taiwan against loss by expropriation, inconvertibility, and war risk.

The Government

As a province of China and also as the seat of Government of the Republic of China, Taiwan has both provincial and national administrations. The provincial government is headed by a presidentially appointed governor and has an elected provincial assembly. More than half the executive-level positions in the provincial government are held by people born in Taiwan. There are also popularly elected local legislative councils and municipal and county administrative officials.

The national Government is composed of a legislative council and an elected president. President Chiang Kai-shek was elected for a 6-year term in 1948 and reelected in 1954 and 1960.

A Council for United States Aid (CUSA) is an

integral part of the national Government. It functions as the Chinese counterpart of the U.S. Operations Mission to China.

U.S. Assistance

U.S. cooperation with free China, both on the mainland prior to 1950 and on Taiwan since that time, has had three main objectives—to help free China achieve economic stability, to support its military defense, and to improve its productive capacity.

One of the instrumentalities in this assistance has been the Joint Commission on Rural Recon-

Increased rice production on Taiwan has resulted from intensive cultivation, seed improvement, and use of chemical fertilizer.



struction (JCRR), consisting of Chinese and American technicians, which had started to function in three mainland provinces before the Communist regime took over control. JCRR has continued its work on Taiwan. From 1951 through 1958 JCRR supported a total of 2,733 rural improvement and development projects, benefiting an estimated 90 percent of the rural population.

Since 1955 the United States has helped the Government in its efforts to demobilize overage and incapacitated veterans, aiding in their rehabilitation and resettlement into civilian life through training in occupational skills and other measures. This has permitted the effectiveness of the military forces to be maintained with younger and stronger troops.

Specific efforts in the development program which have been assisted by the United States include the following.

Agriculture

Taiwan's agricultural land has always been intensively cultivated. Yet through the industry of its people between 1952 and 1958, rice production was increased by 21 percent; sugar cane production, 51 percent; sweet potatoes, 42 percent; peanuts, 60 percent; and pineapples, 118 percent. The number of hogs increased from 2.6 million to 3.6 million and poultry from 10 million to 12.6 million.

Back of this improvement is a determined effort by the Joint Commission for Rural Reconstruction to increase crop production, improve the quality and increase the number of livestock, extend irrigation, strengthen local and government organizations serving farmers, improve rural

health, increase forest resources, minimize soil erosion losses, and improve land tenure conditions.

Before land reform, farmers often paid as much as 70 percent of their main crop as rent. As a first step toward land reform, this rent was reduced and farmers saved money with which to acquire land. Public lands and lands bought from absentee landlords were then sold, at a price representing two and a half times annual production, to be paid in installments over 10 years.

The use of fertilizers combined with crop rotation systems, permitting the growing of two crops of rice plus a winter crop of wheat, tobacco, or vegetables, has raised Taiwan agricultural production yields to among the highest in the world.

Hog cholera has been virtually eradicated by a vaccination program. A campaign to prevent crop losses resulted in the destruction of an estimated 27 million rats and an annual saving estimated at \$30 million.

Farmers associations, made more effective through reorganization, now collect and process 700,000 metric tons of rice and distribute 600,000 metric tons of fertilizer. They operate 1,854 warehouses and 326 rice mills. Nearly 30,000 boys and girls are members of 4-H clubs.

To improve rural health, 22 centers, 390 health stations, 170 full-time health rooms, and 411 part-time health rooms are in operation.

An aerial survey of forestry resources from 1954 to 1956 provided information for a forestry program. Between 1951 and 1958 forest cutting increased 35 percent. Reforestation increased 284 percent, but more than 2 million acres are still in need of reforestation. There are 361 forest nurseries in operation, capable of producing 150 million seedlings a year. The area reforested in 1955 was 20 times that reforested in 1944, a war year.

Taiwan species of hemlock, pine, red cypress, yellow cypress, spruce, and fir are planted, as well as acacia, camphor, oak, and bamboo. Many species from other countries also thrive—Chinese fir, Japanese cryptomeria, U.S. pine, Australian eucalyptus, southeast Asian teak, and even Central American mahogany.

Taiwan fisheries also have undergone a rapid expansion, with an increase in the catch from 104,000 metric tons in 1951 to 230,000 in 1958.

Industry

U.S. assistance to free China in the industrial field has concentrated on a number of basic industries. Among these is production of electric power which permits development of many other fields of industry. An increase in power capacity has been achieved by construction of several hydroelectric projects and thermal plants. Under construction is the Shihmen Dam, for which the Republic of China obtained a \$21.5 million loan from the Development Loan Fund (DLF). This project is aimed not only at supplying additional power but also at providing irrigation waters, water supply for human consumption, and flood control. The powerplant has a capacity of 120,000 kilowatts, and irrigation will be provided for 140,000 acres of land.

Fertilizer production facilities also have been increased. Three government-owned corporations produce ammonium sulfate, nitrophosphate, nitrochalk, cyanamide, super phosphate, and fused phosphate. A urea plant is now being tested for full capacity production which is scheduled at 85,000 tons per year.

The U.S. aid program has also assisted in



Automatic conveyor in a pineapple canning factory.

developing Taiwan's cement manufacture and its aluminum production.

Taiwan's coal mining in 1958 was up 39 percent over 1952, and gasoline output was up 83 percent.

A program begun in 1954 has stimulated the growth of small industry. More than 500 projects, representing nearly 400 private industrial firms, have utilized loans under the joint program of the U.S. and Chinese Governments. Loans are extended through Taiwan banks. A study by the industry division showed that firms receiving loans had increased production an average of 142 percent. A DLF loan of \$2.5 million was granted in December 1959 to four banks at Taipei for relending to individual borrowers.

Transportation

Major U.S. assistance has been given to the rehabilitation and extension of railways and highways; to the improvement of harbors, shipbuilding, and shipping; and to air transportation. Railway passenger mileage increased 72 percent between 1951 and 1958 and freight tonnage-mileage by 96 percent. Highway passenger mileage increased 341 percent and highway freight tonnage-mileage 280 percent.

Taiwan's two major ports—Chi-lung (Keelung) and Kao-hsiung—have been improved through U.S. assistance in the form of cargo-handling facilities and technical assistance on improving ship-docking operations. An outer harbor was completed at Chi-lung in July 1956, and a grain elevator and storage warehouse also have been completed. The shipbuilding industry has received assistance, particularly in the form of diesel

The first east-west cross-island highway—recently completed.



marine engines and materials and equipment for construction and repair of coastal vessels.

Early in 1959 a \$2 million DLF loan was extended to the Ingalls-Taiwan Shipbuilding and Dry Dock Company to finance the purchase of equipment and materials for expansion of the shipyard and repair facilities at Chi-lung. The loan will increase the capacity of the harbor facilities for serving tankers, fishing vessels, and other commercial craft and also for accommodating U.S. naval vessels when necessary. This company is owned primarily by U.S. private interests, but Chinese citizens have also invested in the company. A companion \$4.5 million loan by the Bank of America and Marine Midland Trust Company of New York to the same company was guaranteed by the Development Loan Fund.

Education, Health, Housing

School enrollment in Taiwan has increased greatly since 1952. Enrollment in universities and colleges went from 10,000 in the 1952 academic year to 27,900 in 1958, in secondary schools from 139,000 to 288,000, and in primary schools from 1,003,000 to 1,635,000.

U.S. assistance has been given at the university level in vocational training. Under contracts sponsored by the International Cooperation Administration (ICA), Purdue University has helped Cheng Kung University at T'ai-nan in expanding engineering education and Pennsylvania State University has helped Taiwan Provincial Normal University develop courses for training teachers of vocational shop courses and industrial arts. Assistance also has been given, through educational advisers, in home economics, community school, and audiovisual programs.

Aid has been given toward programs for Chinese students from other parts of Asia and in providing dormitories, laboratories, and additional classrooms for them. In the 1957-58 academic year, a total of 4,271 overseas Chinese students were enrolled in Taiwan universities and colleges, and there were 2,097 in secondary schools.

Health programs of the Republic of China on Taiwan have received the cooperation not only of the United States but of the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF). Through the Joint Commission on Rural Reconstruction and other programs, the United States has assisted in developing health centers and health stations and in supplying equipment for 16 hospitals and for other institutions. U.S. technicians have helped develop medical education at the National Taiwan University Medical School and the Institute for Public Health. Hospital administrators have received training in the United States. In the rural health center program local governments have expended 10 times the amount of the JCRR contribution.

Specific disease campaigns have reduced incidence of several diseases by major proportions. Malaria cases numbered 1.2 million in 1950, with 12,000 deaths. In 1957 there were 433 cases and no deaths. Eradication is planned by 1962. Mass chest surveys, in which WHO and UNICEF assisted, have helped reduce the tuberculosis death rate from 285.2 per 100,000 population in 1947 to 55 per 100,000 in 1958. Trachoma among schoolchildren has been reduced from 80 percent incidence in 1954 to 10 percent in 1958.

Taiwan's housing problems necessarily have been very serious, with the movement of 1½ million persons from the mainland and later the

arrival of thousands from the offshore islands. The approach under the joint U.S.-China program has been the familiar "aided self-help housing" technique that has been employed with success in many other parts of the world, notably Puerto Rico in the Western Hemisphere. The Government provides designs and technical help on construction and, in some instances, materials. Dwellers join together to supply the labor to build their own homes.

In 1953-54, with a U.S. housing adviser assisting, Chi-lung dockworkers constructed 102 self-help housing units—homes of cinder block and reinforced concrete, with electric lights and running water, at a cost of about U.S. \$300 each. The longshoremen of southern Kao-hsiung harbor constructed 54 such dwellings in 1955 and 96 larger dwellings in 1957. The saltworkers undertook 40, the coal miners 140. A total of 80 groups built more than 3,000 new houses.

To benefit workers not in unions the Government instituted a loan program, and more than 5,000 houses were built from 1955 to 1957 by industrial workers, urban dwellers, and farmers. The entire population of the Tachen Islands, 19,000 or more, were reestablished on Taiwan in 1955 after their home was seized by the Chinese Communists. More than 5,000 new houses, shops, schools, and clinics were built for them.

Training and Technicians

From 1951 through 1959, the United States assisted in providing training for about 1,700 persons in professional fields. More than 1,200 of these were brought to the United States, and the remainder were sent to so-called "third countries." At the same time Taiwan itself, with

developing facilities in many fields, offers training facilities for persons from other countries in the Far East. Up to October 1959, 312 participants from other countries had been trained on Taiwan in agriculture, transportation, education, health and sanitation, and other fields. And Taiwan has supplied needed technical services in certain fields to Viet-Nam, Laos, and Thailand.

The International Cooperation Administration has usually maintained between 50 and 60 "direct hire" technicians in Taiwan at any given time. In addition it has sponsored contracts with universities and engineering and consultant firms for additional technical assistance.

Summary of U.S. Economic Aid

The United States and the Republic of China have a mutual defense treaty which provides for mutual assistance in the event of armed attack. In order to assist in the defense of the Republic of China, the United States has supplied that nation with large amounts of military aid.

Economic assistance under the Mutual Security Program amounted to \$1,141 million through fiscal year 1959, about \$150 million of which was extended prior to the Communist seizure of the mainland; \$982 million of this assistance was administered by ICA and its predecessor agencies. Approximately \$97 million was in the form of loans, including \$39.5 million from the Development Loan Fund.