

Fuel for the Good Dragon

A.I.D.
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MUTUAL SECURITY AGENCY

WASHINGTON 25, D. C.

CHINA

TAIPEI

MAINLAND
100 MILES

AMOY

PHILIPPINES
250 MILES

Formosa

Fuel for the Good Dragon



THIRTY volcano-shaped bamboo hats and one panama lay on a rough teakwood table while their owners talked in sing-song tones and smiled. One by one the farmers came forward to put their seal on a paper. Standing by was a beaming American, a member of ECA, now Mutual Security Agency's Mission. Place: Formosa. Time: Autumn 1950. Significance: Start of a revolution.

Thus, 100 miles off the Communist-controlled China mainland, Orientals were accomplishing a peaceful victory over feudalism. They were signing contracts guaranteeing them at least 62% of the crop they raised and a minimum of 3 years tenure on the land they worked. This economic revolution was strongly supported by the work of the Joint Commission on Rural Reconstruction, composed of Chinese and American agricultural specialists, one of the instruments in the United States program of economic aid to Formosa.

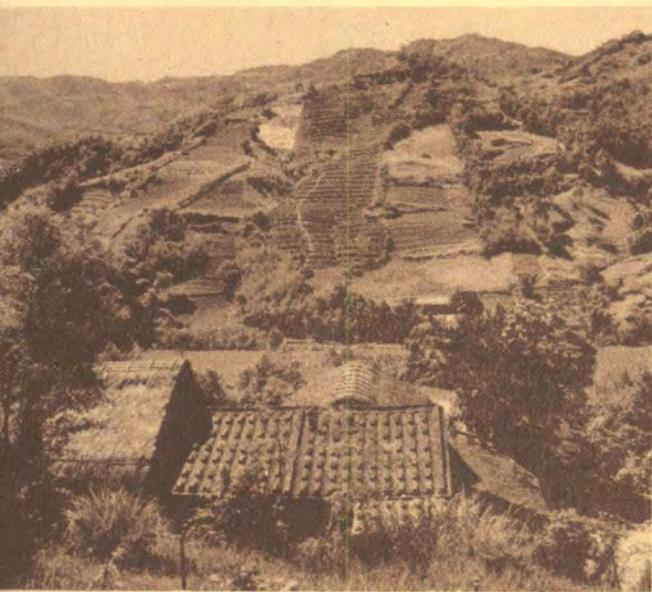
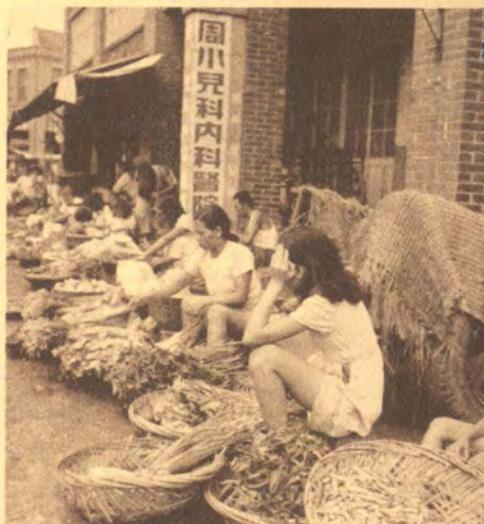
America is contributing to the economic strength of Formosa in order:

- To build the island's economy so that it can maintain its civilian populace and military establishment, essentials on this bastion of the free world.
- To help the people gain real benefits—land tenure reform, food, etc.—which in turn build their morale, their will to help themselves, and their ability to fight, if necessary, to preserve their gains.

These objectives are being reached. Last year's results compared to 1950 show:

Electricity	Up about 20%
Rice	Up 7% to 11½ million tons
Hogs	Quality greatly improved
Fertilizer	Production doubled
Rail Freight	Capacity up 20%
Rural Health Centers	Doubled

General





Orchids and Papayas—

Formosa, also called Taiwan, equals the areas of Connecticut and Vermont combined. It looks like a tobacco leaf ridged with 14,000-foot mountains. On the east coast, rocky cliffs rise precipitously 3,000 feet from the boiling surf. Lying across the Tropic of Cancer, Taiwan is warm and humid. Rice and sweet potatoes are the standard diet, but the fruit markets surprise MSA personnel from the Midwest. Oranges, bananas, pineapples, watermelons, papayas, pomelos, limes, lemons—all these exotic fruits are native-grown. Development of the island by the Japanese provided modern conveniences unknown in China and Southeastern Asia except in a few major cities. Three thousand three hundred miles of rail and 16,380 miles of roads span its 250-mile length. A small telephone system and direct radio and wireless service from Taipeh, the capital, join the island to the world's major cities.

These improvements, however, particularly affect islanders who live in cities, but small farmers working tiny plots of rice-paddy and sugar-cane have also benefited. For them "machinery" consists of strong arms and back, with water buffalo to do the heavy pulling. The roads are useful to the farmers mainly as a smooth surface for drying their rice. But living standards are high by Asian measurements. Favorable climate

and extensive irrigation systems allow three crops every year.

Formosa is a fascinating natural garden and zoo. Orchids flourish, colorful birds abound, and the hunter can easily stalk deer and wild boar.

The island has its share of vinegar with the honey. There is the rare Taiwanhabu, the "100 step snake," so deadly that a man bitten collapses after walking that distance. Giant snails, some six inches long, swarm over Formosa. They are harmless, and to some of the Taiwanese, edible, although there is no record of the dish competing with *escargot de Bourgogne*.

Rice growing changes the face of the country-side from season to season: just after planting time ponds of water stretching for many miles create the illusion of a huge lake; within a few weeks, Formosa is brown and rumped.

On this land live the native Taiwanese, and Nationalist Chinese who escaped from Communist-controlled China—the mainland. Hard work fills their year. Formosans master new industrial techniques just as they grasp new agricultural techniques. Since being liberated from Japan, some have successfully taken over the skilled jobs formerly reserved for Japanese. Public health specialists, however, were encouraged even before the war. Over 3,000—a large proportion to the population by Oriental standards—are spearheading extensive public health activities. Taoism and Buddhism, gentle Eastern religions, are most common in the country. Worship—"pai pai"—plays an important part in Formosan life.

This is the background for the American economic contribution, and accomplishments which offer a hopeful example not only to the Chinese mainland, but to all of Asia. We have helped the battle-scarred army back on its feet and have helped to give its soldiers something to fight for.

Head-hunting to Hydroelectric—

Three hundred years have seen Formosa change from an island inhabited by aboriginal head-hunters to a relatively modernized country supporting 9½ million people, descendants of Chinese who migrated from the mainland during that period. The 160,000 aborigines still living in the central mountains are being absorbed and have discontinued skull collecting.

Japan took over this fertile island of farms in 1895 after the Sino-Japanese War. No time was lost in making it into an integral part of the Japanese Empire. Especially in the twenties and thirties, large-scale irrigation projects were completed,



factories built, electric power developed, highways and railroads constructed. During the last war, economic development was accelerated to meet the Japanese war machine's demands for processed raw materials.

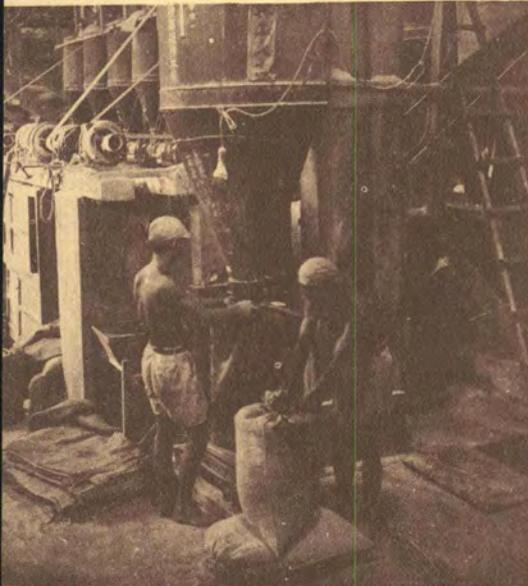
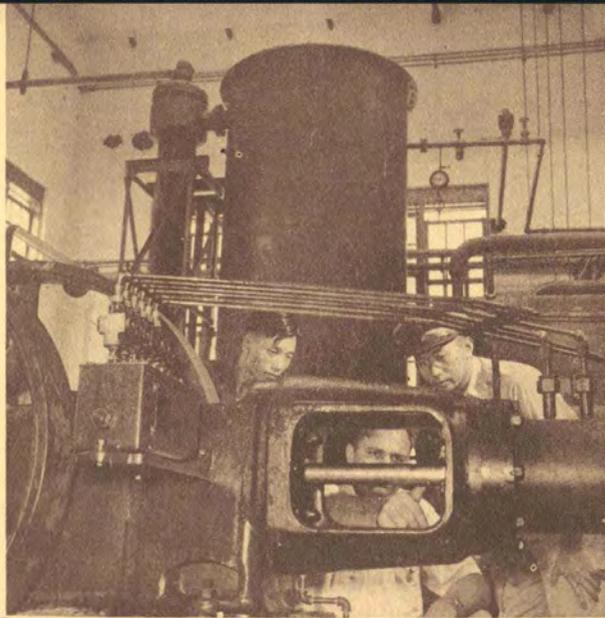
By 1946, however, industrial installations were severely damaged by Allied bombings. Typhoons, floods and lack of maintenance and repair led to rapid deterioration.

China's National Government was forced to concentrate its energies on the costly mainland war against the Communists. Summer, 1949, found the Government and its army of one-half million withdrawn from the mainland and quartered on Formosa. The island faced the problem of supporting two million Chinese from the mainland in addition to its expanding native population while rebuilding its crippled economy outside the Japanese economic framework.

Strength for Formosa—

Formosa is a strategic base in the battle against Russian expansion, a potential stationary aircraft carrier. The island controls South China shipping routes and those connecting Japan and North China to Singapore and Southeast Asia. Only 100 miles from the China coast, the capital city of Taipeh is standard bombing range distance from Korea, Tokyo, Manila, Peking, Chungking and the great bulk of the Chinese Mainland.

Industry





Stationed aboard this "aircraft carrier" are an estimated 500,000 of the Nationalist Army troops.

To strengthen this vital link in the Pacific defense system, MSA's Mission has carried out a three-fold plan:

- Provide technical advice and assistance necessary to help people make best use of their own resources.
- Improve agricultural production and work to see that growers retain a fair share of the output.
- Supply only the minimum of outside help, in the form of heavy materials and commodities, needed to realize the first two objectives.

Canned Pineapple and the Free World—

Canned pineapple is an export which enables Taiwan to earn part of the foreign exchange necessary to buy precision instruments, seeds, steel for armaments and other materials vital to her economic health and military program. American aid spark-plugged a 300% increase in canned pineapple from 1950 to 1951, thereby increasing foreign revenue by \$2 million. American economic aid increased over-all industrial productivity by a large percentage in that period. Result: a greatly strengthened economy, becoming increasingly independent.

The goal of the industrial program is a Formosa supporting herself by fully utilizing her natural resources. During the



Defense





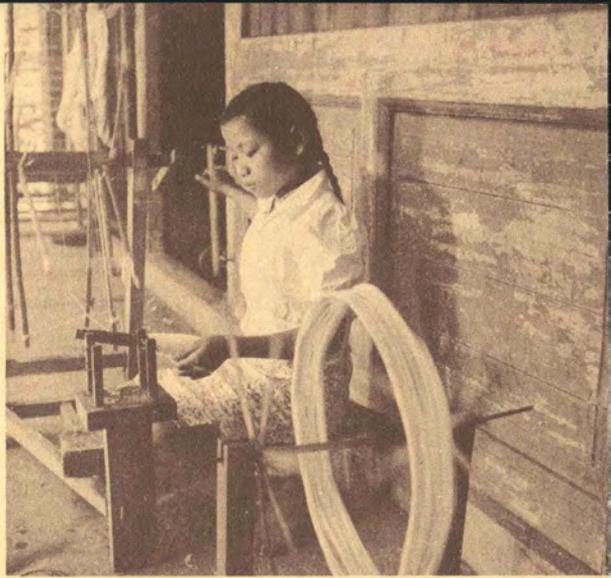
past two years, ECA, now MSA's Special Technical and Economic Mission to China, has aided the Chinese in a wide variety of industrial projects designed to form the basis for a strong, lasting economy.

Electric power, most important industrial factor, has increased in capacity from 173,000 KW in 1950 to 214,000 KW in 1951. This 20% increase was accomplished with the assistance of only \$2 million worth of new MSA-financed equipment, plus engineering advice. Power stations were completed, heavy power lines constructed, new poles installed to replace those badly decayed. An additional \$8.5 million has been ordered in power equipment and supplies which will be put into immediate use to increase further this key support for the entire Formosan economy.

Public transportation facilities in 1949 were dilapidated. Formosans and MSA are breaking through this bottleneck. Freight capacity is up 20% over last year's; new culverts, resurfacing, bridge construction and 200 new buses are solving highway transportation problems. Kaohsiung Harbor has been dredged for heavy shipping and its major deep water pier, destroyed by an exploding ammunition ship, can now handle larger ships than before.

The telephone system, basic to defense of the island, has been renovated and new facilities installed. Imports of bar steel and machinery are permitting the new steel works, built entirely with local capital, to produce essential finished metals. Local creosoting cuts down imports by permitting use of local timber. American technical assistance has helped to expand the textile industry, oil processing, caustic soda production and hundreds of other industries essential to the Formosan economy.

Home
Industry





Taiwan Broth-

Vital "broth" nurturing the Taiwanese economy back to health consists of cotton, beans, fertilizer, copra and a multitude of other basic consumer commodities. Principal food import is edible oils. The island's 2,000,000 hogs depend on the bean-cake for feed. Through MSA last year, 25,000 tons of beans were imported; local peanut production is being improved. Fertilizer, key to rice production, accounts for 25% of last year's MSA expenditures. Local fertilizer processing plants and production of fertilizer components, are being rapidly expanded to diminish this drain on the island's economy. In 1951, Formosa was able to meet all local sulphur needs for the first time with MSA-backed expansion of mining and processing facilities.

MSA has furnished almost \$10 million of raw cotton to prime the textile industry. Local spindles doubled their production in 1951, providing cheaper and more adequate clothing to civilians and troops. Minimum local soap needs are being met through joint Chinese-MSA imports of copra, beef tallow and coconut oil. Because Taiwan's main petroleum refinery was badly damaged, expensive finished oil products had to be imported to fill military and basic civilian demands. Today, the plant is restored, with a 50,000-ton monthly capacity. Four hundred thousand burlap bags were furnished by MSA to package rice and sugar for export. These are a few of the commodities supplied by MSA to keep Formosa on her feet.

Agriculture





Advice from Uncle Sam—

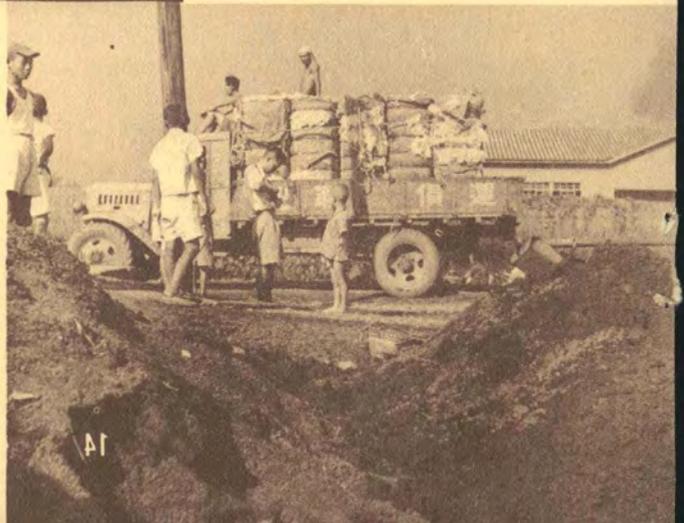
Technical advice has been a major part of MSA's program in Formosa. American engineers, public health officers, agriculturists, experts in administration and educators have worked with local officials to introduce latest methods. The entire program of American economic aid aims at giving Chinese the means with which they can best help themselves. JCRR concentrates on rural education similar to American farm extension programs.

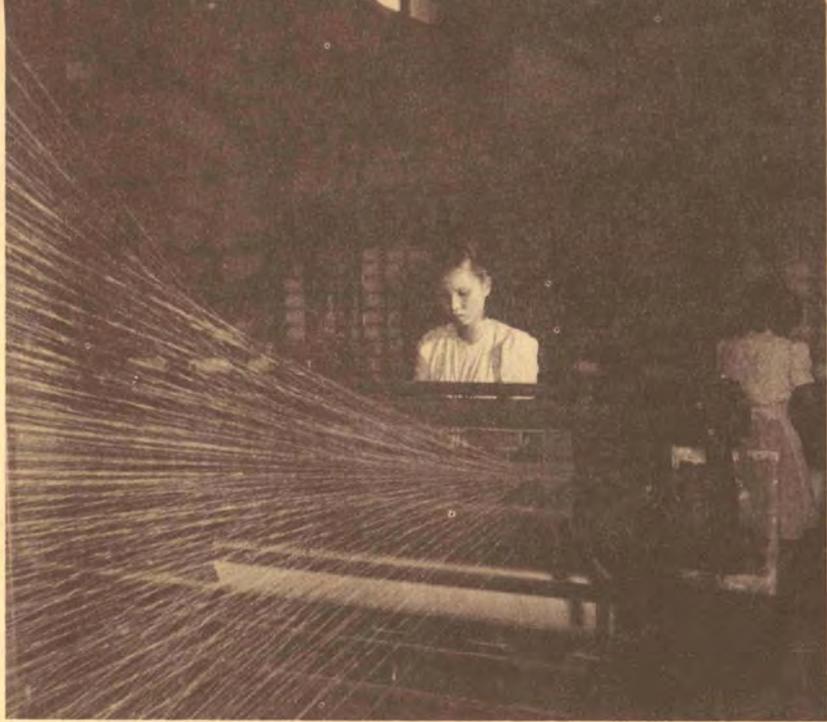
All public health activities are centered in a Coordinating Committee of Americans and Chinese concerned with the training of public health specialists. American engineers show their Chinese counterparts the how and why of the methods they are using.

MSA information programs educate the people in self-help methods. A bi-monthly rural newspaper, financed by the Mission, shows farmers how to build better chicken coops and sanitary privies, advises them on planting and the most effective agricultural methods. Demand for the paper is four times the 50,000 circulation and still growing. Posters depicting simple self-help techniques were pioneered by the MSA Mission. Many other information techniques get the points across.



Textiles





JCRR, Answer to Communism—

Generations of Formosan farmers have, both literally and figuratively, been mired in mud. They expect and accept the mud of the rice paddies; the feudalistic rut that denies a fair return for the farmers' labor, is another matter. So is the question of proper representation of the farmer. These problems were attacked by the Joint Commission on Rural Reconstruction (JCRR), composed of Chinese and American agricultural specialists and sponsored by MSA.

JCRR started to work on the China mainland in 1948 in the face of Communist led victories. After a few months, it was forced to withdraw when the Nationalist Government moved to Formosa. Nevertheless, in that short time its pilot program paid off. The two mainland provinces in which it had time to begin sizable operations resisted the Communist armies longer than any other areas. The results in two years on Formosa prove that the yoke of feudalism in the Orient can be broken.

Three-fifths of the Taiwanese are small farmers, and the overwhelming majority are share-croppers. They do not enjoy a fair return for their work. The rural program has established four corner-stones towards the realization of this primary goal:



Information



1. Land reform—to establish by law that the farmer is entitled to a fair share of his yield and can work towards owning his own land.
2. Agricultural productivity—to assist the farmer in getting the materials and techniques so that he can produce better and larger crops.
3. Farmers' Associations—to help the farmers organize themselves so that they will be represented proportionate to their economic importance and will be able to obtain common service on a co-operative basis.
4. Health—to aid the farmers in guaranteeing their better health through education and adequate health facilities.

When JCRR arrived, the Formosan farmer paid high rents, had no security on the land, and paid exorbitant taxes. While not as serious as on the China mainland, this condition threatened political and social stability. The past two years have seen a peaceful revolution accomplished. Rents have been reduced to a maximum 37.5% of the main crop and land tenure



guaranteed for a minimum of three years. Public land is being offered for sale on terms the small farmer can afford. Legislation limiting excessive private land ownership will soon be on the books. The tenant farmer now has a worthwhile personal stake in his country's future.

Agricultural productivity was a major problem. Taiwan had to feed an additional two million people with her fertilizer source cut off, irrigation systems ineffective, animal and crop diseases rampant and seed quality deteriorated. JCRR pitched in. A large-scale fertilizer program was initiated with direct distribution supervised to the small farmer. Seed improvement began, with 8,000 of the island's best farmers participating. Insect control is under way against the rice hispa beetle, rice blast, citrus-tree blight, salt-water millipedes and other crop destroyers. Grain storehouses, animal vaccine centers and isolation quarters have been built with JCRR technical advice.

Two-thirds of Formosa is steep, mountainous land, much of it damaged by poor cultivation methods which cause serious erosion and landslides affecting the water and power supply. JCRR is pioneering a reforestation program and helping to train a forestry service.

Rice production in 1950 was an all-time high, topped by last year's 1,500,000-ton crop. There were full rations for every soldier and civilian and 85,000 tons for export, worth \$12 million in essential import equipment and materials. The increase in draft animals and hogs has been phenomenal. Farmers' associations, traditional in Taiwan, disintegrated due to the war and the change in government. JCRR helped the Government to reorganize completely the associations in 1949 so that now 17,000 key association members have taken refresher courses in farm extension work; rice milling and storage cooperatives are operating; mutual farm supply purchasing is underway. A new law giving farmers' organizations rights relative to their economic and social importance is in its final hearing. Now the individual farmer can protect his rights.

JCRR's health program is geared to the realities of rural life. The main theme is prevention. Mosquito control, constant tuberculosis checks for children, education of teachers in hygiene and sanitation methods are all part of the extensive program. An island-wide system of 380 health centers has been organized, with MSA financing initial medical supplies. Result: a healthier people willing and able to work harder.



The Pay-Off—

American economic aid has produced gratifying results in Formosa. But while the present burden of an extensive Chinese military establishment continues, the island itself cannot be self-supporting. America's investment in peace is paying off thus: Nationalists armies are better equipped, coordinated and trained than they were three years ago, their morale is excellent today; the strategic base of Taiwan itself presents a formidable front to Communist ambitions; and, most important in terms of peace, Taiwan is today a living example that American ideals and techniques can meet the East's demands for an economic revolution. The Orient can see that Russia offers revolution through war, oppression and fear; it sees American showing the way to economic revolution through peaceful mediation and education.



Health

