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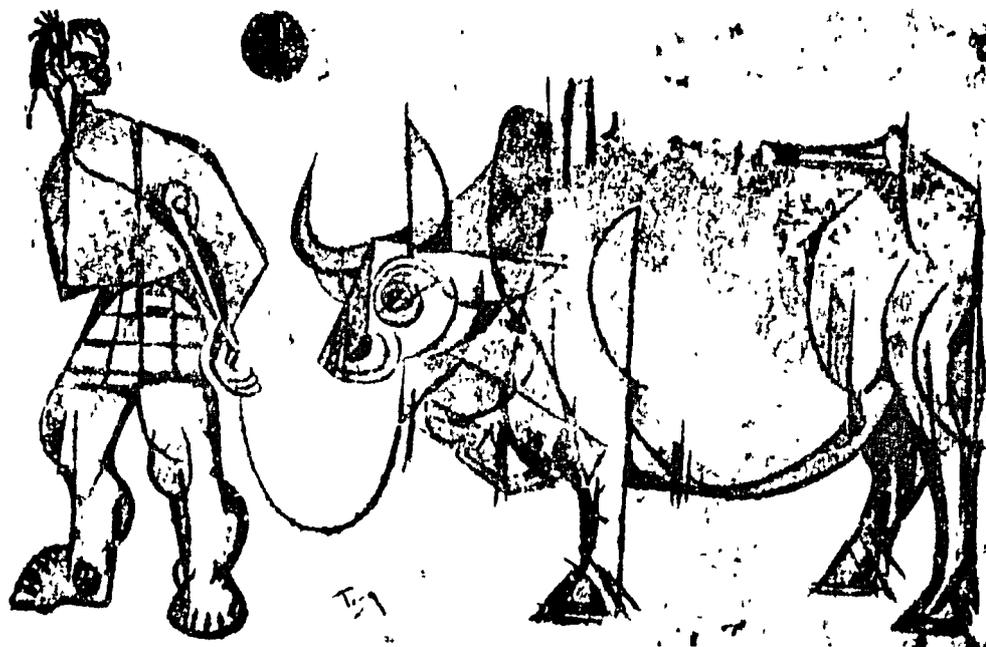
This study will help people in developing countries evaluate the Taiwan model, as they ponder economic and institutional policies for development. The study will also be useful to Americans trying to understand the problems of poor, Asian farmers. The conclusions are summarized here:

1. Over the past decades, there has been an impressive growth in agricultural production.
2. There has been an overall improvement in the standard of living for most rural people. A rather small segment of the rural population has experienced a large increase in wealth or power. Despite growth in agricultural production, farm expenses have gone up too, so that farm profits have been close to constant. The major source of growth in rural income has been non-farm income.
3. Success in agricultural development has many causes; favorable geographic conditions have been important. Also important is the lengthy period of development when Taiwan was a Japanese Colony, especially in the period after 1920.
4. Local institutions have been very important in generating agricultural change, and assuring that most rural people get some benefits from change.
5. The strength of local institutions seems to stem from the central political system in Taiwan, not from mass participation.

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RURAL DEVELOPMENT COMMITTEE



Special Series on Rural Local Government

**RURAL LOCAL GOVERNANCE AND
AGRICULTURAL DEVELOPMENT IN TAIWAN**

Benedict Stavis

LOCAL GOVERNANCE AND AGRICULTURAL DEVELOPMENT
IN TAIWAN .

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FOREWORD

This monograph was written as part of a comparative study of Rural Local Government organized by the Rural Development Committee of Cornell University. The study aimed at clarifying the role of rural local institutions in the rural development process, with special reference to agricultural productivity, income, local participation and rural welfare. An interdisciplinary working group set up under the Rural Development Committee established a comparative framework for research and analysis of these relationships.¹ A series of monographs, based in most cases on original field research, has been written by members of the working group and by scholars at other institutions and has been published by the Rural Development Committee. An analysis and summary of the study's findings has been written for the working group by Norman Uphoff and Milton Esman and has been published separately.

This study of Rural Local Government is part of the overall program of teaching and research by members of the Rural Development Committee, which functions under the auspices of the Center for International Studies at Cornell and is chaired by Norman Uphoff. The main focuses of Committee concern are alternative strategies and institutions for promoting rural development, especially with respect to the situation of small farmers, rural laborers and their families. This particular study was financed in large part by a grant from the Asia Bureau of the U.S. Agency for International Development. The views expressed by participating scholars in this study are their own and do not necessarily reflect the views or policies of USAID or Cornell University.

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¹The members of the working group were Ron Aqua, Douglas Ashford, John Blackton, Harry Blair, Milton Esman, Mohinder Mudahar, Norman Nicholson, David Robinson, Benedict Stavis, and Norman Uphoff.

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CONVERSION FACTORS

During 1973, when field work for this paper was undertaken, the official value of the New Taiwan dollar was NT 38 = US\$ 1.00.

Ping, a measure of area (frequently used for mushroom cultivation), is 3.3 square meters.

INTRODUCTION AND ACKNOWLEDGEMENTS

This description and analysis of rural local governance and agricultural development in Taiwan is part of a broader project undertaken by the Rural Development Committee, Cornell University, under the chairmanship of Professor Norman Uphoff. The study seeks to understand how and under what circumstances rural political and administrative institutions influence the patterns of agricultural and rural development. The project will seek conclusions based on detailed, empirical, descriptive reports of fifteen regions, mostly in Asia. This paper is one of these case studies. The project is supported financially by the United States Agency for International Development (U.S.A.I.D.).

Taiwan has been frequently cited as a model of successful development because of sustained growth in agricultural productivity, industrial development, and widespread participation in economic growth.¹ Many observers focus on Taiwan's institutional patterns as the most important reason for success. For example, a study of Taiwan's agricultural development by the U.S. Department of Agriculture puts great stress on institutions:

Taiwan owes much of its present economic health to three major developments. The first was land reform. This included reduction of land rentals and in 1949, sales of Government-owned land to farmers, and the land-to-the-tiller program beginning in 1953, under which tenant farmers were helped to become landowners. The second was reorganization in 1953 of farmers' associations and cooperatives to put them under more direct control of farmers. The third was agricultural development planning, launched in 1953 with the first of successive 4-year plans, which helped achieve effective use of scarce land, water, fertilizer, and other inputs.²

Of special interest have been the farmers' associations in

¹By referring to "Taiwan" I do not mean to imply that Taiwan is a separate country. Taiwan's leaders consider that Taiwan is a province of China, and mainland China's leaders share this position. In reality, of course, Taiwan has functioned independently of the mainland since 1949, and some native Taiwanese think it should in the future.

²U.S. Department of Agriculture, Economic Research Service, Foreign Development and Trade Division, Taiwan's Agricultural Development, Its Relevance for Developing Countries Today (Washington: GPO, 1968), p. viii.

Taiwan. They have been studied by leaders from many Asian countries, and have provided a model for institutional change in many countries, including South Vietnam, Malaysia, the Philippines and others. In introducing a study of Taiwan's farmers' associations, a United Nations staff member noted:

It is not widely recognized in Asia that well organized farmers' groups and other voluntary associations are indispensable in any agricultural and rural development programs; and that they should be used to the fullest extent possible.¹

I hope this study will help people in developing countries evaluate the Taiwan model, as they ponder economic and institutional policies for development. I hope the study will also be useful to Americans trying to understand the problems of poor, Asian farmers. The conclusions are summarized here:

1. Over the past decades, there has been an impressive growth in agricultural production.

2. There has been an overall improvement in the standard of living for most rural people. A rather small segment of the rural population has experienced a large increase in wealth or power. Despite growth in agricultural production, farm expenses have gone up too, so that farm profits have been close to constant. The major source of growth in rural income has been non-farm income.

3. Success in agricultural development has many causes; favorable geographic conditions have been important. Also important is the lengthy period of development when Taiwan was a Japanese Colony, especially in the period after 1920..

4. Local institutions have been very important in generating agricultural change, and assuring that most rural people get some benefits from change.

5. The strength of local institutions seems to stem from the central political system in Taiwan, not from mass participation.

The impatient reader wanting a fuller summary of the conclusions is encouraged to skip to the concluding sections of Chapter 3 (local government) and Chapter 4 (farmers' associations), and Chapter 7 where general observations and conclusions on local governance and agricultural development are spelled out more fully.

¹Ahsan-ud-Din, Regional Representative of the Director-General of FAO for Asia and the Far East, in foreword to Min-hieh Kwoh, Farmers' Associations and Their Contributions toward Agricultural and Rural Development in Taiwan (Bangkok: FAO, 1964) p, iv.

It is a great pleasure for me to give public thanks to so many people who helped me on this research. Professors Norman Uphoff and Milton Esman at Cornell have been extremely helpful in sharing the entire perspective of this research, and have helped sensitize me to the significance of many questions. Morton Fried and Bruce Jacobs gave important suggestions for field research. Field research was conducted in Taiwan during two months from mid July to mid September, 1973. Staff members of the Joint Commission on Rural Reconstruction were extremely helpful in discussing various research problems, and arranging introductions to local officials. Special thanks go to Robert Li, Spencer Shih, Richard Wee, Y. K. Yang, and James Chang. Dr. Wang Sung-hsing, of the Institute of Ethnology, Academia Sinica, gave important advice for field research and kindly shared notes from his forthcoming study, Rice Farming in Taiwan. Dr. Lee Teng-hui helped me enormously in understanding local events and how they fit into a broader political perspective. Mrs. Chu Ming of the Provincial Farmers' Association helped arrange part of my field research and gave me many important insights into the social changes occurring in Taiwan. Professor Huang Ta-chou, Department of Agricultural Extension, National Taiwan University, gave me many insights into the activities of the farmers' associations and shared perceptive published and unpublished views and data.

In the field, my research was facilitated enormously by enthusiastic cooperation and friendship from everyone, but to a few I am especially thankful. In Pu Yen, Lin Chung-yi, the township executive, his wife and family gave me extraordinary hospitality, including comfortable lodging, excellent home cooking, use of bicycles, and friendship. Mrs. Shih Lin Jui-ch'ing, the general manager of the Pu Yen Farmers' Association and members of the staff (especially Mr. Shih Tsai-ching, head of the Extension Department) were exceptionally willing to help me understand their work and their community. I should mention that I chose Pu Yen because it includes the village of Hsin Hsing, brilliantly described by Bernard Gallin (Hsin Hsing. Berkeley: University of California, 1966). Dr. Gallin was, unknowingly, my guide to the region. Since my field research was for a short duration, I thought it would be helpful to work in an area about which I already had data; moreover, as Dr. Gallin's original field research was done in 1957-58, a certain longitudinal perspective can be gained by studying the same region now, fifteen years later. In Erh Lin and many other places, local people were warm and helpful. This was especially true in Feng Shan City, where Mr. Fan Chiang Sin-wen, general manager of the Feng Shan City Farmers' Association, gave me great assistance and hospitality.

My most profound thanks go to Andy Jui-p'eng Tang, my research assistant in Taiwan. The JCRR introduced him to me, and he was an ideal assistant. He served as my interpreter when my Mandarin language would not suffice (and this was

quite often, as many older officials in rural Taiwan use their native Taiwanese dialect). Andy was very perceptive, quickly understanding my research goals and helping me at every stage to get suitable data. Most important, he was a wonderful travelling companion and warm, trusted friend.

This paper has benefited a great deal from comments of Bruce Jacobs, John Montgomery, Ted Owens, Aksel de Lasson and Dale Adams. I have synthesized and analyzed the data as I saw appropriate, and many of my conclusions differ considerably from the stated views of many of the people I interviewed. The views and conclusions I reach are my own, and none of the individuals mentioned or unmentioned above or organizations (including Cornell University, JCRR, or U.S.A.I.D.) are in any way responsible for my interpretations or errors. Undoubtedly, some of the individuals and organizations who assisted me will disagree with some of my conclusions. Hopefully, disagreement will leave the value of focusing attention on the difficult questions.

Chapter 1

RURAL DEVELOPMENT IN TAIWAN

Taiwan is an island about 100 by 200 miles with a population of about 15 million. It lies about 100 miles off the coast of mainland China; ethnically and historically it is part of China. It was populated by people from China's Fukien province, who started to come on a large scale in the 18th century. This makes Taiwan one of the recently populated sections of China. At first the migrations went slowly; one of the main hazards to life in Taiwan was malaria. As late as 1900, Taiwan was still sparsely populated.

In 1895 Taiwan was taken away from China by Japan and remained a Japanese colony until the end of World War II in 1945. During that period, Japan established effective administration, developed public health programs to eradicate the danger of malaria, and undertook a variety of programs to develop Taiwan's agricultural productivity. The purpose, of course, was to feed Japan.

The history of Taiwan took a strange turn in 1949. After decades of civil war the Nationalist government lost control over the mainland provinces of China, and retreated to Taiwan. The Nationalists set up a government in Taiwan based on the principle that they would soon recover the mainland from the "communist bandits." The government in Taiwan remains dominated by mainlanders, whose claim to rule all of China was accepted in the United Nations as late as 1971. Even now (1974) the United States technically recognizes the Nationalist government in Taipei (the capital of Taiwan) as the legitimate government of China.

Since 1949 the Nationalist government has been strongly committed to economic development in Taiwan for several obvious motives. First, economic development has been required to provide a political and military basis to continue in existence. Failure to provide economic development would lead to a collapse and likely take-over by the Communist government on the mainland. On a more symbolic level, the Nationalists have tried to make Taiwan a model province, to demonstrate ability to administer effectively and competently. If they cannot administer the Province of Taiwan, how can they possibly claim to represent the mainland provinces of China, with fifty times more population. Until about 1971, Taiwan was fully supported militarily, politically and economically by the United States.

To meet its objectives, the Nationalist government has continued and expanded upon previous Japanese policies of

developing agriculture. In the early 1950's the Nationalists' policy was to use agriculture as a base for industrialization, both by supplying food and materials to the cities and by supplying goods for sale abroad to obtain foreign exchange for industrial inputs. By the early 1970's, industry had developed so much that new imbalances were emerging. The rural sector was beginning to face a labor shortage and reduced growth rates. New programs are now being developed to support agriculture.

This first chapter will specify the extent and dimensions of success in expanding agricultural productivity, rural welfare and income. Subsequent chapters will describe rural local institutions associated with rural development.

A. Patterns of Growth in Agricultural Productivity

From 1920 to 1939, when the Japanese colonial administration strongly encouraged agricultural production, the average annual growth rate of agricultural production was 4.19 percent.¹ The disruptions of war led to a decline in agricultural production; economists in Taiwan think that by 1952 Taiwan had recovered from these disruptions. From 1953 to 1968 the average annual growth rate was 5.2 percent. It appears however that starting in 1969 Taiwan's agriculture reached a new phase, in which growth would be much less rapid.

For analytical purposes, Taiwan's agriculture can be divided into two sections: basic food and diversified food products. (A third section, fibers, is of marginal importance.) Basic foods includes rice, sweet potatoes, and other grains such as wheat. Diversified foods include beans, vegetables, fruits, sugar cane, and livestock products. During the pre-war period, both sectors contributed to growth in the agricultural sector. In the immediate post-war period, the extremely rapid population growth caused by migration and natural increase, combined with the drop in food production because of wartime and post-war disruption, placed pressure on food supply, so food production grew rapidly from 1945 to 1951. At the same time the value of diversified crops has grown dramatically and has constituted most of the growth in the agricultural sector. It should be pointed out, however, that much of this increase was due to regaining pre-war production levels. Sugar cane production did not reach pre-war levels until after 1965. Banana production did not reach the pre-war high until 1964. Pineapples and citrus fruits reached

¹S. C. Hsieh and T. H. Lee, "Agricultural Development and Its Contributions to Economic Growth in Taiwan," Economic Digest Series No. 17 (Taipei: JCRR, 1966), p. 14.

pre-war levels by about 1959. These trends are shown in Figure 1.1.

After 1960, basic food production increased only at the same rate as population. Diversified crops (fruits and vegetables), as well as livestock and fishery have provided almost all the dynamism for the rural sector. This is shown in Figure 1.2.

Before analyzing what this increase in agricultural production meant for the rural population and what the local institutions were which helped develop agriculture, I would like to analyze certain broad, macro-factors which seem closely related to the growth in production.

1. Technological Change

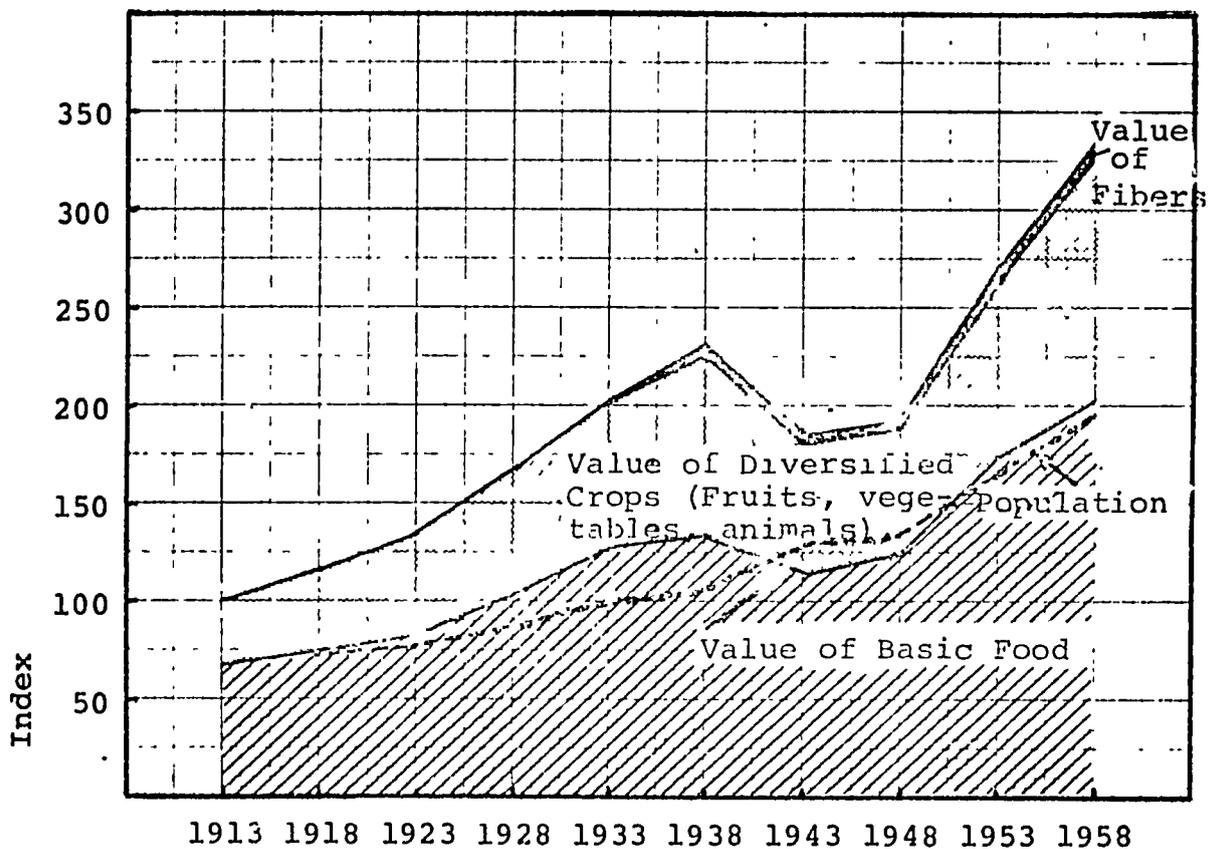
Taiwan's agricultural technology began to experience important changes starting in the 1920's, when a low-stalk, fertilizer-responsive variety of rice was introduced from Japan (similar to the varieties distributed by IRRI in the 1960's), and chemical fertilizer began to come into use. Thus Taiwan first experienced in the 1920's the "biological-fertilizer revolution" which did not begin in other parts of Asia until the 1960's. During this colonial period, important improvements were made to the irrigation systems, so that water could be controlled accurately.¹ Also at this time rural electrification developed. Technological progress has continued, so that by 1965, the average rice yield was about 3.0 tons per hectare (it has remained roughly constant since then). Roughly 200 kg. of plant nutrients from chemical fertilizer are used per hectare of rice land. These levels are quite high in terms of world standards, although Japan, Egypt and the U.S. produce about 5.0 tons per hectare.

2. Diversification

We have seen that especially since about 1950, the real dynamism (in terms of monetary contribution) in the agricultural sector of Taiwan has been in animal husbandry, fishery, fruits, and vegetables. This has occurred for several reasons. The most important is that rice production has been high enough to meet the basic caloric needs of the population. Once food grain consumption is adequate, it is normal

¹Ramon Myers, "Technological Change and the Agricultural Transformation of Taiwan: 1895-1945," Paper for 28th International Congress of Orientalists, Canberra, January 6-12, 1971. Also Ramon Myers and Adrienne Ching, "Agricultural Development in Taiwan under Japanese Colonial Rule," Journal of Asian Studies Vol. 23 (August 1964), p. 555-570.

FIGURE 1.1
Growth of Population, Basic Foods,
Diversified Crops, and Fibers, 1910-1960

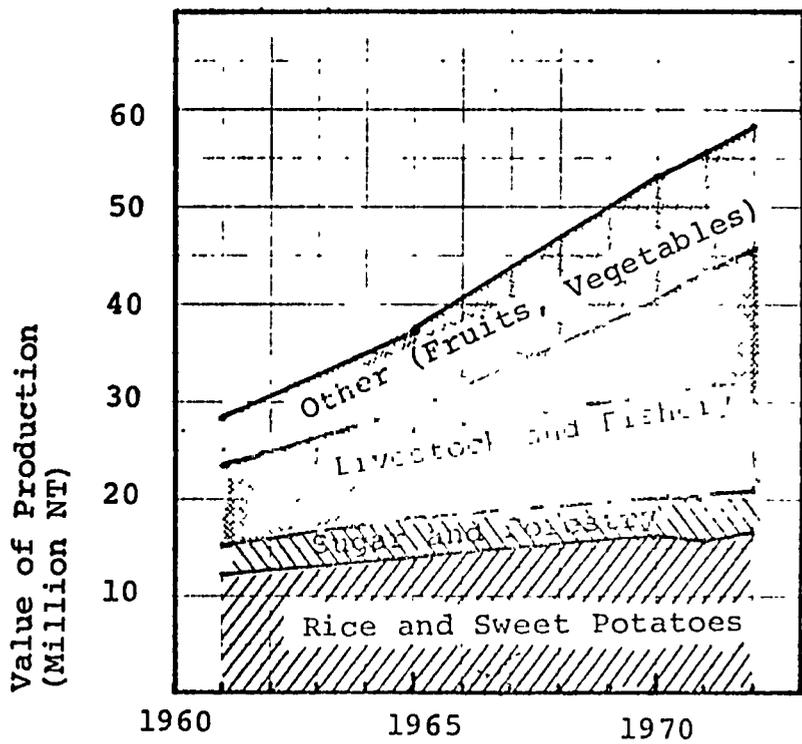


Source:

Computed from S.C. Hsieh and T.H. Lee, "Agricultural Development and its Contributions to Economic Growth in Taiwan," Economic Digest Series, No. 17 (Taipei: JCRR, 1966), Tables 4 and 5.

FIGURE 1.2

Growth of Different Aspects of
Agricultural Production, 1961-72



Source:

Computed from "General Information of Taiwan's Agriculture," (mimeo), Taipei, JCRR, April 20, 1973, p. 3.

for people to desire improvement in their diets with vegetables, fruits and animal proteins.

The demand for higher quality foodstuffs comes particularly from people living in the urban areas and participating in the industrial sector. Over the past two decades, Taiwan has moved rapidly from an agricultural to an industrial economy. Table 1.1 shows some indicators which outline this transformation.

TABLE 1.1

Indicators of Industrialization

	<u>1953</u>	<u>1971</u>
Percent of total employment in		
agriculture	61.3%	42.3%
industry	9.2	18.0
Percent of net domestic product		
agriculture	38.0	17.6
industry	17.6	34.4
Percent of exports which are agricultural	93.4	20.2

Source: "Taiwan's Agricultural Development and Research," (mimeo) Taipei, JCRR, June 30, 1973, p. 3.

By 1971, the industrial sector supplied twice as much to the national product as did the agricultural sector. Because Taiwan is small and has a generally well-developed transportation system, most rural areas can deliver goods to major urban centers in less than 24 hours, and thus participate in the urban markets.¹

There has also been an important export market for high-priced agricultural products. In 1971, sugar, bananas, canned mushrooms, canned asparagus, and canned pineapple

¹There is, of course, variation from locality to locality, and transportation for some crops, such as mushrooms and asparagus, is better developed than for others, such as hogs.

together constituted about 10 percent of Taiwan's total exports. Again, because Taiwan is small, most rural areas are near enough to seaports to participate in foreign markets.

Of course this diversification has required extensive agricultural research and extension for new products. Some of the most profitable crops--for example mangos and asparagus--were unknown in Taiwan two decades ago.

3. Extraction of Wealth from Rural Sector

Taiwan's rural sector has always been characterized by very high levels of extraction, especially when Taiwan was a Japanese colony. During the 1920-40 period, Japan made some investments in the rural sector for irrigation and fertilizer factories, but extractions almost always exceeded investments.¹ Farm consumption went up much slower than did total productivity,² and there is some evidence actually suggesting a decline in the standard of living of Taiwan's peasants during the period of Japanese rule.³ Throughout this period the capital extracted from Taiwan's rural sector was used to develop industry in Japan. The extraction was achieved through excise taxes and through Japanese-owned corporations which marketed agricultural products.⁴

After 1945, Taiwan was restored to China, and its economy became substantially independent of Japan, although still closely associated. The high levels of extraction continued. Figure 1.3 shows that although farm receipts went up throughout the period, farm expenses (especially fertilizer, insecticides, taxes, labor) went up just as fast (even though farmers finished paying off for the land purchased during land reform), so that farm profits have remained virtually constant, when deflated for inflation. (It is possible that larger farms showed increased profits, but the data available do not permit this type of analysis.) Most of the increases in agricultural productivity during this period were siphoned off for development of Taiwan's industry.

¹Lee Teng-hui, Intersectoral Capital Flows in the Economic Development of Taiwan, 1895-1960 (Ithaca: Cornell University Press, 1971), p. 29.

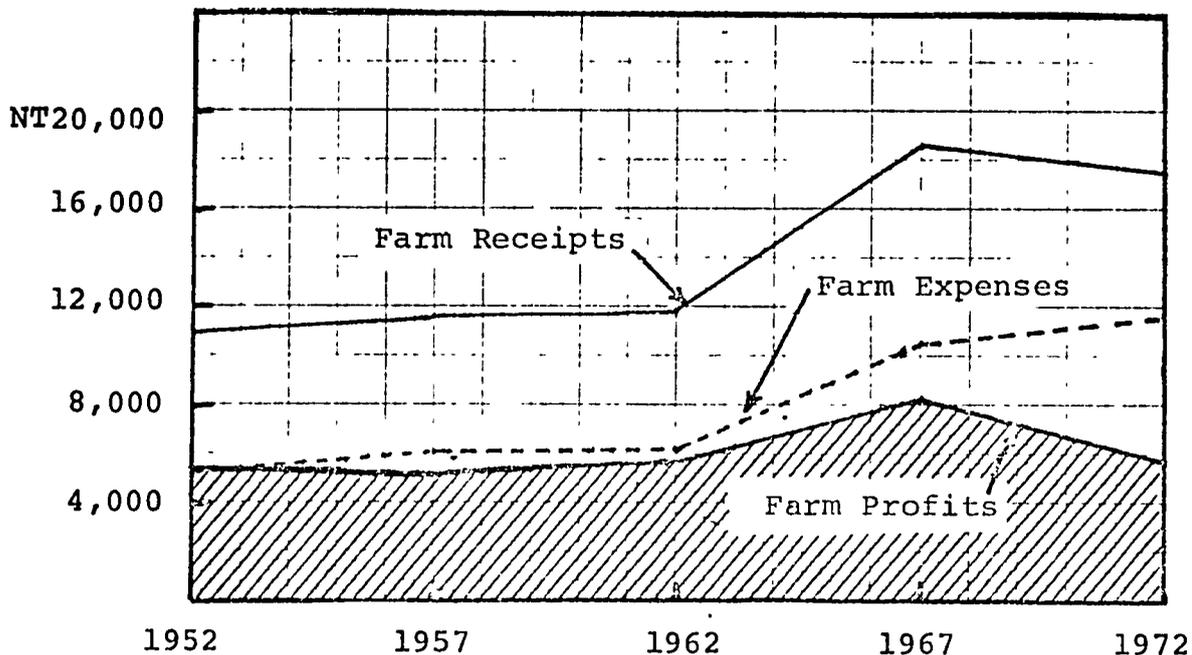
²Ibid., p. 13.

³Samuel Pao-san Ho, "Agricultural Transformation Under Colonialism: The Case of Taiwan," The Journal of Economic History XXVIII No. 3 (September 1968), p. 336.

⁴Ibid., p. 335-39.

FIGURE 1.3

Farm Receipts, Expenses, and Profits, 1952-72
(expressed in constant 1952 NT dollars)



Sources:

1952-67, "Taiwan Farm Income Survey of 1967," JCRR
Economic Digest Series No. 20, p. 100-103.
1972, "Farm Income Survey of 1972," JCRR mimeo.

Note:

To express income in constant 1952 values, the compilers of the sources used the following deflators: 1957: 164; 1962: 249; 1967: 293; 1972: 341. I do not understand why the compilers chose these deflators, rather than the consumer price index given in the Taiwan Statistical Data Book 1972, p. 151, which shows a smaller rate of inflation: 1957: 158; 1962: 231; 1967: 248.

B. Rural Standard of Living

Although the agricultural sector did not contribute to increases in income for farm families, the rural people were able to take advantage of industrial growth during this period. Members of farm families migrated to cities and sent money home; part-time industrial, construction, or service jobs became available in rural areas; women in rural areas took in handicraft projects to earn extra income. Actually, these various types of non-farm income accounted for virtually all of the increases in rural income and now contribute about 60 percent of rural income. (See Figure 1.4) From 1952 to 1972, total net farm family income almost doubled, and because the average size of the farm family declined somewhat (from 8.14 to 7.5), per capita income more than doubled. The compound annual growth rate was roughly 3.8 percent. The average rural income per capita in 1972 was NT 6,530, the exchange value of which is US \$172.¹

What did this mean in concrete terms? A variety of indicators can be used to suggest the average standard of living in 1972, and how it compared with the 1950's. From the point of view of basic health indicators, the people in rural Taiwan have high life expectancies and low infant mortality rates (see Table 1.2). The nutrition of rural people is good, with a high amount of animal proteins, fruits, and vegetables (see Table 1.2). From the point of view of material possessions, a majority of rural households have electric fans, electric cookers, television sets, sewing machines, and gas stoves. A majority probably have motorcycles (see Table 1.3).

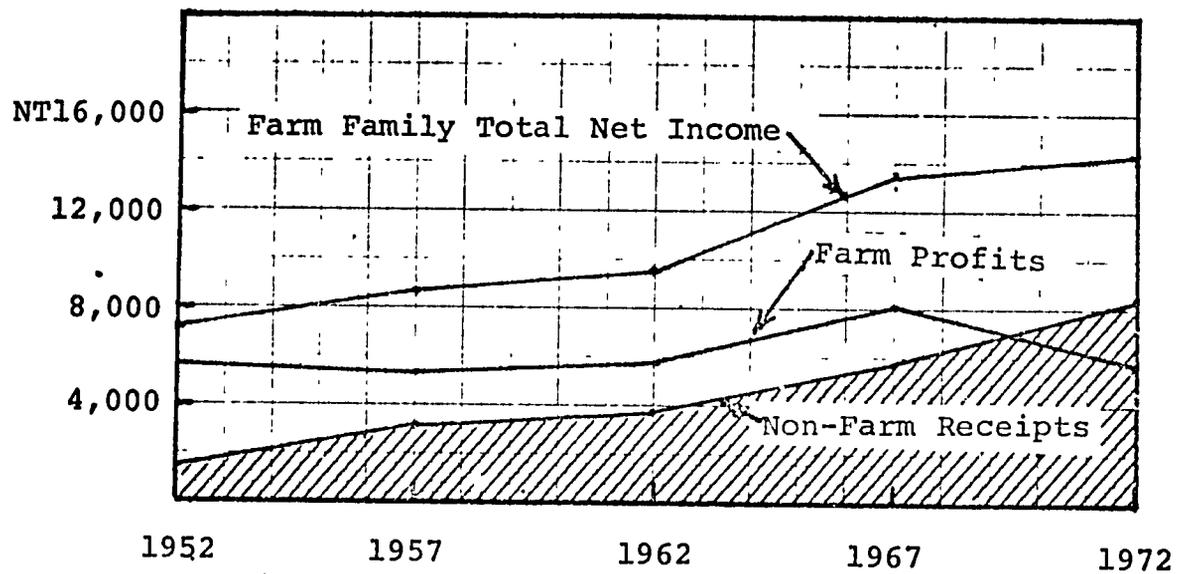
There has been a marked improvement over the past 15 years. Age specific death rates have dropped sharply, indicative of improved nutrition, sanitation and health services (see Table 1.4). Clothing and shoes have improved, and brick houses with tile roofs have replaced houses made of plaster and bamboo, with thatched roofs. In the late 1950's there were no televisions and only a few radios in rural Taiwan. Motorcycles were rare and bicycles were the basic means of transportation. Roads were not paved, and public transportation was less convenient.²

¹Computed from "Farm Income Survey of 1972," JCRR mimeo.

²Bernard Gallin, Hsin Hsing (Berkeley: University of California Press, 1966), pp. 29-46.

GURE 1.4

Farm Family Total Net Income, Composed of
Farm Profits and Non-Farm Receipts
(Expressed in constant 1952 NT dollars)



Sources:

1952-67, "Taiwan Farm Income Survey of 1967," JCRR
Economic Digest Series No. 20, p. 96-97,
100-103.

1972, "Farm Income Survey of 1972," JCRR mimeo.

Note:

My concern about how to correct for inflation,
expressed in the note to the previous figure, also
applies here.

TABLE 1.2

Indicators of Health and Nutrition:
Rural-Urban Comparisons

LIFE EXPECTANCY, 1972 (years)

	<u>male</u>	<u>female</u>
rural	65.4	70.8
urban	65.9	71.2

DEATHS BEFORE AGE 1
(percent of live births)

	<u>male</u>	<u>female</u>
rural	3.5%	2.7%
urban	3.0	2.4

source: Taiwan Statistical Abstract, 1972, p. 108, 109

NUTRITION SOURCES, 1970
(average annual per capita consumption in kilograms)

	<u>basic food grains and pulses</u>	<u>meat, poultry, eggs, fish, dairy</u>	<u>fruits, vegetables</u>	<u>alcoholic beverages (liters)</u>
rural	183	77	140	5.85
big cities	157	81	129	2.78
Taipei	114	106	125	4.33

source: Hsu Wen-fa, Research on Taiwan's Nutrition (in Chinese) (Taipei: National Taiwan University, Department of Agricultural Economics, 1972), p. 9.

TABLE 1.3

Number of Appliances per 100 Farm Families (1972)

electric fans	150
sewing machines	82
electric cookers	71
TV sets (black-white)	52
gas stoves	52
transistor radios	47
phonographs	32
refrigerators	17
washing machines	4
water heater	4
color TV	2
air conditioner	1

source: "Farm Income Survey of 1972," Taipei, JCRR, mimeo, p. 3.

TABLE 1.4

Death Rates

	<u>1950</u>	<u>1960</u>	<u>1970</u>
age 1-4	25.29	7.89	2.85
age 40-44	9.67	5.02	3.58

source: 1971 Demographic Fact Book, p. 112-115.

C. Inequality in Rural Taiwan

While this is the "average" situation, there are significant variations and inequalities for a variety of reasons. First, as we have pointed out, the most important growth factor in rural income has been non-farm income. Different families have different access to non-farm opportunities, and this naturally results in inequalities between families.

A second factor strongly influencing a farm family's income is the types of crops it plants. We have previously pointed out that especially since 1961 auxiliary crops have been the source of dynamic growth in the agricultural sector, basically providing all the increase in value. Thus, if a family does not plant fruits or vegetables, or participate in animal husbandry--i.e., if it grows only rice and sweet potatoes--it probably can not increase its net income. Table 1.5 shows that families specializing in fruits and vegetables have on the average a much higher farm income than families growing food grains.

TABLE 1.5

Average Farm Cash Income of Families
Planting Different Crops (1970-71)

<u>crop</u>	<u>average family income</u> <u>(US dollar)</u>
food grains, including rice, sweet potato, soya, peanuts, maize, sorghum	106
fruit (6 varieties)	540
vegetables (19 varieties)	410

source: Provincial Department of Agriculture and Forestry and JCRR, Report on Investigation of Costs of Production of Agricultural Commodities in Taiwan (in Chinese), 1971. computations from p. 7.

Unfortunately, I have not been able to find statistics on a national basis indicating how many farm families have an opportunity to grow these high-priced commodities. Fragmentary data indicate that most of the farm families grow rice. In Pu Yen Township, a rather backward, traditional area, government investigators consider that 94 percent of the families grow basically rice. In Erh Lin Township, a

more commercialized area, the equivalent figure is 70 percent. Only a small minority of the families grow the higher profitable crops. There are many economic and institutional barriers which stand in the way of a poor rice farmer planting fruits or vegetables, and these will be considered in a later section.

A third factor leading to inequalities in farm family income is differences in size of farms. Figure 1.5 shows that 40 percent of the farms occupy only 11 percent of the cultivated area. Over 42 percent of the farms are under 0.6, which is basically too small to support a family. These families must rely on non-farm income.

It should be noted that the above figures refer to size of farm operation, and not to size of farm ownership. In terms of land ownership, in 1971, 78 percent of the agricultural population owned all the land they tilled; 12 percent owned some of the land; 10 percent were tenants, with written contracts and substantial security. Throughout the last 20 years, there has been a clear trend toward more and more farmers owning all the land they cultivate, as shown in Table 1.6.

TABLE 1.6

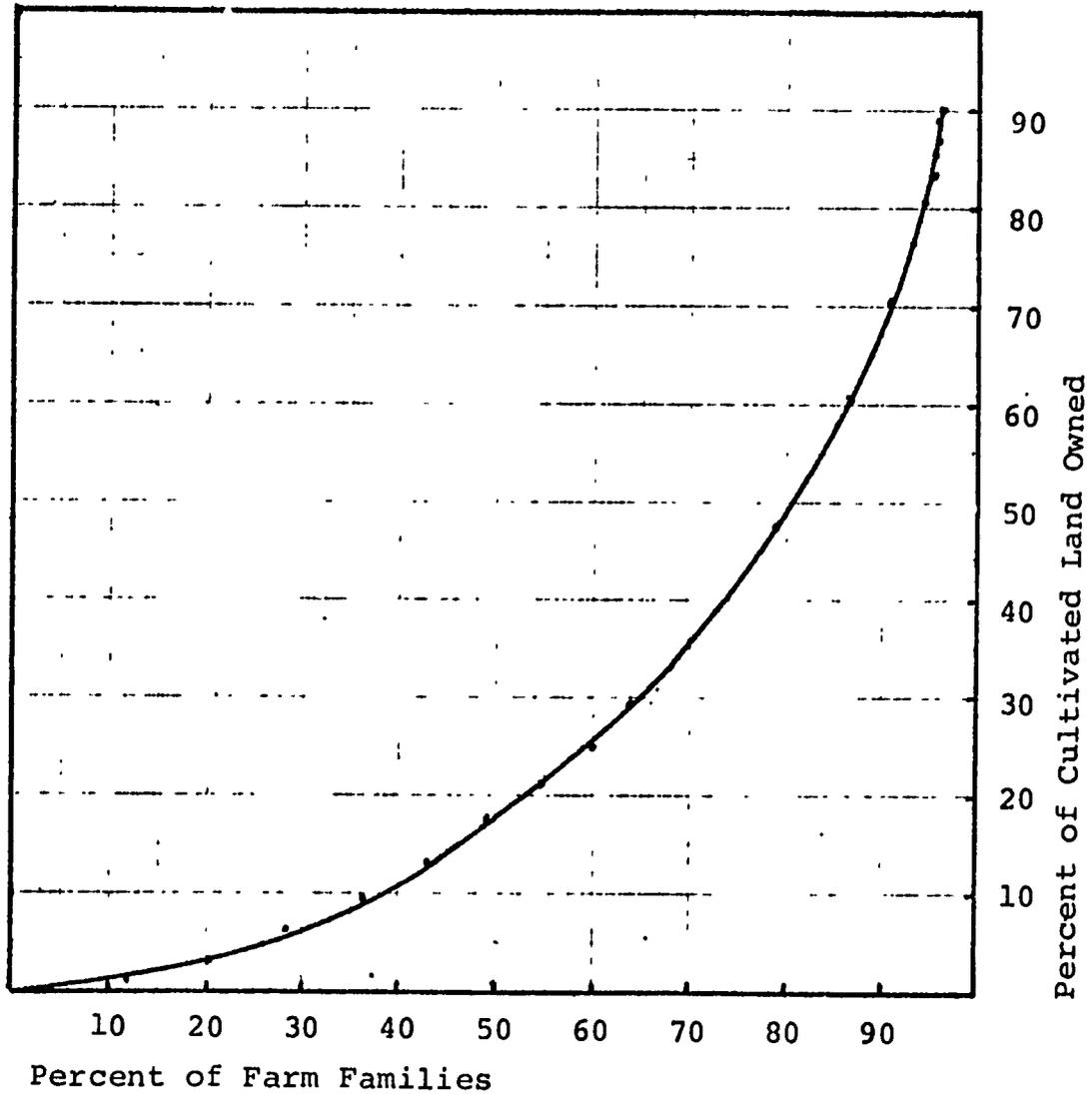
Distribution of Land Owners and Tenants
(Percent of total farmers)

<u>year</u>	<u>full</u> <u>owner</u>	<u>part</u> <u>owner</u>	<u>tenant</u>
1952	38%	26%	36%
1953	55	24	21
1955	59	23	18
1960	64	22	14
1965	67	20	13
1970	77	13	10
1971	78	12	10

source: Taiwan Statistical Data Book 1972, p. 45.

There is one difficulty in the above statistics which must be pointed out. They include only those farmers (and their families) who own land or are protected by a written tenancy agreement. They do not include landless families who work as ordinary agricultural laborers on a daily basis. How

FIGURE 1.5
Distribution of Farm Land, 1960



Source:

Computed from "Taiwan Agricultural Statistics, 1910-1965,"
Economic Digest Series, No. 18 (Taipei: JCRR, 1966),
p. 196-97.

many families fall into this category is subject to debate. The Taiwan Provincial Farmers' Association lists 16 percent of its farmer members as hired laborers. However, it is possible that many of these men actually have some land in their family (perhaps their father has land and has not yet divided it to his children). In Pu Yen Township, the farmers' association listed 879 hired laborers on its rolls, but the government office considered only 48 families to be without land. As far as I could ascertain, no careful studies of the question of landless laborers have been made in Taiwan, so the source of the discrepancy cannot be stated with certainty.

A fourth factor which accounts for some inequalities in income is geographic factors. Generally speaking, the mountainous areas are quite poor because they lack entrepreneurial farmers, capital, and quick transportation to get goods to and from market. Coastal areas are also somewhat poor because they are more exposed to typhoon damage, often have less fertile land, and are far away from the source of irrigation water in the central mountains. On the other hand, income tends to be high in areas which have good climatic conditions for high-priced fruits, or near industrial centers, where there is a stronger market for agricultural products and there are more opportunities for non-farm income.

While there are substantial variations in family incomes, no sound statistical data have been published that would permit an accurate description of the extent of inequality within the rural areas. It is certain, however, that in rural Taiwan there is no large group of people (with the possible exception of non-Han minority people living in mountains) perched on the edge of survival. The poorest families (constituting about 1-2 percent of the population--perhaps three such families in a village) have houses made of bamboo and plaster. There are few windows for light or ventilation, so it is dark and very hot inside. The floor is dirt, and difficult to keep clean. There is very little furniture--perhaps one chair or bench on which to sit, and no electric fan or television. The family does not have a motorcycle, but may have a bicycle.

The lower-middle peasants, constituting about one-third of the families, live somewhat better. Their houses are made of brick, but the brick is left rough and not plastered. The floor is concrete. There may be a little furniture, and the house will have radio, television, fan, and perhaps a sewing machine. The family will have a couple of bicycles. This family's living expenses run roughly US\$ 105 per capita per year.

The upper-middle farm families, constituting about 50 percent of the families, live in brick houses with plastered and painted walls, and concrete floors. They may have rattan

furniture, which is quite cool to sit on. This family would very likely have a television, and motorcycle. It would not have a refrigerator. This family's living expenses might be over US\$ 200 per capita per year.

The wealthy families, about 10-15 percent of rural households, will have houses of one or two stories. The walls will be carefully plastered and painted brick. The floors will be a polished stone composition material, which is very easy to clean. Such a house probably has mosquito screens. The furniture will be either comfortable padded chairs, or cool rattan. The house will have several fans, perhaps a color television, and very likely a refrigerator. It may even have a washing machine and a telephone. The family may have several motorcycles, one for each adult male. The diet will include much good meat; beer will be consumed frequently. There may even be one or two families in a township who own an automobile. Even in these wealthy families, however, the children are darkened by exposure to the sun and go barefoot; they are still farmers.

D. Problems with Rural Life

The standard of living in rural areas in Taiwan has improved significantly over the past two decades, but this does not mean that all rural people are satisfied with rural life. In Taiwan, as in most developing areas, there is a high rate of migration from the countryside to the cities, especially among young people. From 1950 to 1965, it is estimated that almost one million farm people moved to urban areas.¹ In 1965, the total agricultural population was about 5.7 million, so that migration reduced the agricultural population by almost 15 percent. This trend continued, as shown in Table 1.7.

TABLE 1.7
Net Migration Rates, 1971

<u>locality</u>	net migration rate	
	<u>male</u>	<u>female</u>
Five Big Cities	15.0	17.4
all county cities	8.5	11.3
all urban townships	-1.6	-1.5
all rural townships	-10.7	-15.0

source: 1971 Taiwan Demographic Fact Book (Taiwan, Ministry of Interior, 1972), p. 635.

¹USDA, op. cit., p. 27.

Of 309 young men living in rural Taiwan interviewed in the late 1960's, fully two-thirds indicated a desire to migrate to urban areas.¹

There are many reasons for this migration. In a broad sense, it reflects the tremendous pressure of an expanding population on limited agricultural land. Farms are already small, and can hardly be divided further among children of the land owners. Cultivation is already labor-intensive, and there are few opportunities for using more labor in agriculture, with the exception of labor-intensive vegetable cultivation. In contrast, industry has been expanding very rapidly, and many jobs are available.

This general situation is reflected in the fact that urban, industrial wage rates are higher than the wage rate in the agricultural sector. Unfortunately, I lack precise statistics, but I believe that urban, industrial wages are roughly 50 percent to 100 percent higher. In real terms the economic standard of living is not that much higher because of higher prices in the city. This is even more true as the urban economies suffer inflation with the rest of the world. Nevertheless, people who migrate to cities and get industrial work are more likely to have refrigerators, telephones, and motorcycles. They may buy higher quality food. They are more likely to be in air conditioned rooms. Their feet will not get muddy, because the streets and sidewalks are paved. They will suffer fewer mosquito bites.

The economic pull of the cities is supplemented by a push from the countryside. Farm labor is hard and uncomfortable. It requires working in the hot sun. This is doubly hot for women, because in Taiwan a dark sun-tan is considered unattractive so women in the field wear long sleeved shirts which cover the hands, long trousers, a large hat, and a towel around the face to protect them from the sun. It is also physically very hard work. Transplanting rice seedlings is backbreaking. Harvesting is very strenuous. The toll farming takes on the human body is apparent from looking at a Taiwanese peasant. His feet are as calloused as a dog's paws, because he goes barefoot all the time; his hands are big, flattened, and heavily calloused, from years of using hand tools. His skin is a dark brown, tanned by decades of exposure to the sun. (The urban Chinese woman, who uses a parasol to protect herself from the sun is very light colored, no darker than the European caucasian.) His arms and legs are thin, with tendons showing prominently. Ribs are clearly

¹Huang Ta-chou, "A Study of Migration Intention Differential Among the Rural Youth in Taiwan," Memoirs of the College of Agriculture, National Taiwan University, Vol. 12, No. 2, p. 176.

carved on his torso. There is seldom an ounce of fat or a surplus ounce of muscle. But he has great strength and endurance. His face is hollow, deeply etched, probably lacking a few teeth. His eyes are squinting, to reduce the sun's glare; and there are sharp lines from the outside corners of his eyes because they have been squinting for so long. Every part of his body proves that farming is hard, difficult work (although not necessarily unhealthy, as the rural life expectancy is equal to the urban life expectancy). It is no wonder that many young people would rather seek work that is less strenuous, that not exposed to the sun and rain.

Important social factors also encourage migration to cities. First, the rural areas have rather few recreation opportunities. Movies and pool halls exist in market towns, and are difficult to reach for young people living in the surrounding villages. Swimming pools, hiking areas, beaches, parks, bowling alleys tend to be only in or near cities. The only form of amusement that is easily accessible in rural areas is television.

From a psychological point of view, the young person in rural Taiwan has restricted opportunities to become independent. Social interactions are dominated by family and relatives, with the exception of a few activities planned by the school, the 4-H clubs (under the sponsorship of the farmers' association), or the local branch of the Nationalist Park (KMT). This is especially true if a person engages in agricultural work, because there is a good chance he (or she) will be working on the family farm, in which case family relations will reinforce work relations. If a person's boss is his father and his brother is his co-worker, then he has very little opportunity to develop patterns of interacting with people which are different from interactions within the family. Certainly not all young people wish to be independent of their family and wish to have their own network of friends and own patterns of social interactions; but undoubtedly some do.

These social questions become more salient as marriage approaches. The youth in the countryside will have fewer choices about marriage, simply because the number of eligible young men and women in the area is limited. After marriage, it remains the custom in rural Taiwan for the couple to live with the father's parents. Again it can be assumed that some rural young men would like more independence from their father; and some rural young women do not wish to enter the traditional daughter-in-law role. Migration to the cities presents an opportunity for this type of independence.

Thus for a variety of reasons, including economic, social and psychological, migration to cities in Taiwan has been quite high, despite the steady improvement in living

standards in the countryside. In considering rural welfare, such things deserve consideration along with production and income figures.

Chapter 2

THE SETTING OF RURAL LOCAL INSTITUTIONS

In this section we will examine certain local institutions which have been closely related to rural development in the past two decades. One of the important features of Taiwan is that it has extensive organization. The government exists on four levels: central, provincial, county and township. Since the nationalist government has a policy of recovering the mainland, it has a central government structure to represent all provinces of China and to deal with foreign affairs and broad questions of national strategy. (Since Taiwan is one of the smallest provinces of China, it has small representation in the central government. This guarantees that mainlanders dominate the major political decisions in Taiwan.) Taiwan, as a province, also has a provincial government which is concerned with many features of economic and cultural development. Technically, the city of Taipei is directly subordinate to the central government and therefore on the same level as the provincial government. However, the Taipei City government is not too concerned with agricultural policy and will not be considered much in this discussion. As a practical matter, the central and provincial governments form what would be the national government in other countries.

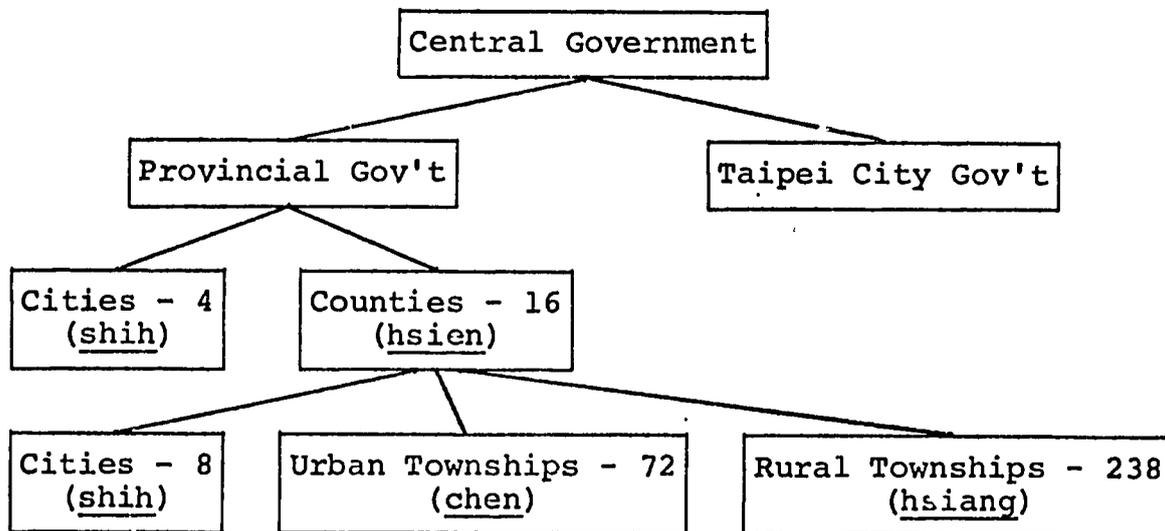
Administratively, under the provincial government are 16 counties (hsien), and 4 cities (shih) (including Taipei). Under the counties (as of 1967) are 8 cities (shih), 72 urban townships (chen), and 238 rural townships (hsiang).¹ This is shown schematically on Figure 2.1. The higher levels of government both supervise the activities of the lower levels and provide certain services directly.

In addition to government, there are certain "mass organizations." From a technical, legal point of view, these organizations are private, non-governmental; but in reality they are closely supervised by the government and carry out government policy, so they should be considered as semi-governmental agencies. The most important of these are the Kuomintang (Nationalist Party), farmers' associations, and irrigation associations. The latter two have organizational structure at township, county, and provincial level.

¹Wang Kuo-chang, "Local Government in Taiwan: An Introduction," Chinese Journal of Administration 10 (January 1968), p. 28. Since 1968, some of the rural townships have been reclassified as urban townships, and some urban townships have become cities.

FIGURE 2.1

Structure of Government in Taiwan



In Figure 2.2 I have attempted to show the various organizations which have a direct role in rural management and reach the individual farmer directly and personally, either to serve him or to extract taxes from him. In this figure, I have not attempted to show patterns of supervision. Generally, each level of government supervises the level below it. In addition, the farmers' associations are supervised by both higher-level farmers' associations and by the county governments. At the central level, the Joint Commission on Rural Reconstruction (JCRR) plays a very important role in terms of agricultural research and supervising all activities. The Provincial Department of Agriculture and Forestry (PDAF) has an important supervisory function also.

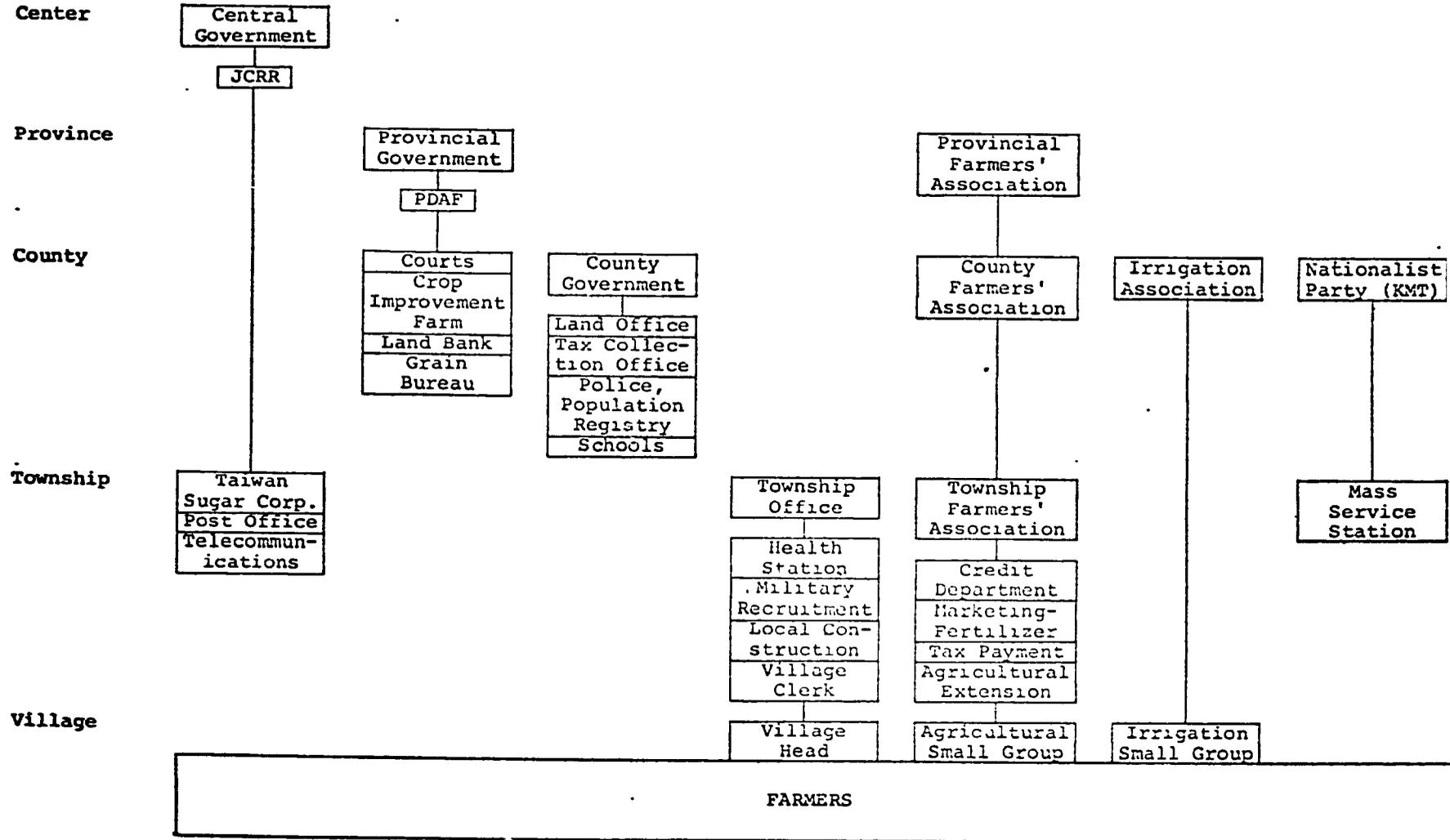
In principle, some of the organizations shown in Figure 2.2 serve to represent the farmers. A rough indicator of representation can be derived by listing the various people for whom the farmer casts a vote:

Government

1. village head
2. township representative
3. township executive
4. county representative
5. county executive
6. provincial representative
7. provincial head
8. representative to central government legislative Yuan

FIGURE 2.2

Organizations with a Direct Role in Rural Management



Farmers' Association

9. small group leader
10. farmers' association representative

Irrigation Association

11. small group leader
12. irrigation association representative

Other

13. community development board member

Of all these organizations, this study will focus on those at the township level--especially township government (which we will define as local government) and the farmers' association. It is the urban townships (chen) and rural townships (hsiang) which include most of the rural population.

What is a township? In concrete terms, a rural township has, on the average, a population of 23,000 living in perhaps 20 administrative villages (t'sun, li). Each village may contain a whole natural settlement, part of one, or several.) Two-thirds of the labor will be devoted to agriculture. In each village there will be a few stores that sell daily necessities, especially food, vegetables, meat, soda, and insecticides. Most villages will have a primary school. Roughly in the center of the township will be one village with a post office, a middle school, and offices of the government (Township Office), Nationalist Party mass service station, and farmers' association. Associated with the farmers' association will be a grain processing factory and granary. The central village may also have a police station and a public health station. This village is still quite small, probably with only one or two streets. From the point of view of geographical size, the township might have a radius of roughly 10 kilometers; most farmers can bicycle to the central village in less than an hour.

An urban township is similar, except that the central town will be much larger than the surrounding villages, and will serve as a major marketing center for the area.¹ The central town may have an urban population up to perhaps 20,000; the total population of the urban township averages 54,000. In the market town will be a large market for buying

¹An excellent analysis of market towns in Taiwan is Lawrence Crissman, "Marketing on the Changhua Plain," in W. E. Willmott, Economic Organization in Chinese Society (Stanford: Stanford University Press, 1972), p. 215-259.

and selling all types of agricultural products, fish, meat, etc. There will be specialized stores for clothing, shoes, laundries, jewelry, books, electrical appliances, motorcycle sales and repairs. The market town will have a variety of entertainment resources, including air-conditioned restaurants, movies, pool halls, beauty parlors, and various forms of prostitution, including tea houses and wine houses. The market town will also have a hotel (which can provide prostitutes), a telephone and cable office to supplement the post office, and may have banks, a printing shop, an agricultural college, and a traditional temple. The market town will also be a transportation center, with a terminal from which several bus routes go to other market towns. Taxi cabs are readily available to the small villages or bigger cities. There will be several doctors, including some specialists, perhaps a hospital and clinics, and drug stores. There may be government offices in the market town, for example a Land Registration Office, or a Tax Collection Office, both of which would be branches of the county government. The market town may also have a few small manufacturers, including tailors, tinsmiths, and makers of small farm tools. A market town will service farm villages for a radius of 10 to 20 kilometers. Even though an urban township has a large market town, it remains predominantly rural, with an average of 8,300 farmers, constituting 42 percent of the labor force. Table 2.1 summarizes some demographic data for urban and rural townships.

TABLE 2.1

Demographic Data for Urban and Rural Townships

	<u>rural townships (hsiang)</u>	<u>urban townships (chen)</u>
number	238	72
total population (1971)	5,428,404	3,884,925
average population per township	23,000	54,000
Total Farm workers	1,496,059	601,076
Average farm workers per township	6,300	8,300
Percent of Labor within township in agriculture	65%	42%
Percent of Total Farm Workers who live in townships	65%	26%

source: 1971 Taiwan Demographic Fact Book, p. 176, 298.

Chapter 3

RURAL LOCAL GOVERNMENT

Rural local government operates from the township office (hsiang-kung-so in rural townships, chen-kung-so in urban townships). Often the township office is the same building as during the Japanese administration. In a rural township, the township office may be a one-story building with one large work space and a dozen desks; in the back will be one or two partitioned areas for higher officials and for meetings. An urban township may have a larger township office building, perhaps two or three stories, and many offices off a central hall. It looks like a modern government building.

In legal theory, the township government represents the people in the township. The township is headed by a township executive (hsiang-chang or chen-chang), who is popularly elected. In addition, the activities and budget of the township are overseen by a representative assembly elected directly by the people. In practice, however, as we will see below, local government is not an independent level of government, but can more accurately be considered a local branch of the central and provincial governments. Administration of policies is generally in accordance with central policies, and there is little flexibility or discretion permitted to the local government. The electoral process is relevant only for the distribution of status, and does not shape other policies.

We will take the rural township of Pu Yen with a population of about 33,000 people to provide a concrete example of the administrative structure, functions, and personnel of the township office. This is shown in Table 3.1.

A. Activities of Local Government

In this discussion of the activities of rural local government, we will refer only to those activities which have a rather direct impact on agricultural production. There are, of course, many activities of government listed in Table 3.1 that are not included in our consideration here. A simple listing of excluded activities will put this section in better perspective. The process of population registration, provision of health services, inspection for physical integrity of buildings, checking sanitary conditions in markets, restaurants and ice factories (the latter is extremely important because people put ice in beverages, so ice can spread disease rapidly), military recruitment, education, police,

TABLE 3.1
Administrative Structure, Function, and Personnel
of Pu Yen Township Office, 1973

<u>office or department</u>	<u>number of personnell¹</u>	<u>function</u>
Township Executive	1	general supervision, selecting department heads
Secretary	1	assists township executive
Personnel Section	2	recruitment of personnel
Finance Section	7	preparation of budget, overseeing taxation
Accounting Section	2	accounting
Civil Affairs Section	5 in township office 23 in field, one in each village	supervision of villages, education, voluntary associations, health, customs
Construction Section	5	administration of agricultural programs
Military Conscription	4	assurance that all men join military services
Population Registry ²	10	registration of all people, including birth, marriage, death, and residence
Workers	6	clerks, messengers, janitors in township office
Security	1	protection of state property and secrets, and guard against communists
Health Station	9	public health
Representative Assembly	3	staff for representative assembly
TOTAL	79	

Notes:

¹In certain cases, the number of personnel in a department is an estimate, and may be in error by one or two people.

²In 1973, the Population Registry Section was transferred to the supervision of the Police Department (which is under the supervision of county government, not township), so it is no longer a part of the township office.

Source: Pu Yen Township General Budget, 1974.

recreation, maintenance of roads--these will not be examined in this section. On the other hand, local government does perform a number of activities that directly influence agricultural production, and these activities will be examined in some depth.

1. Stability and Cultural Change

In a broad sense, one of the most important contributions of government (including local government but also including all other levels of government) has been a general climate of order and stability. Farmers in rural Taiwan do not have to worry about being caught in the middle of battles of warlords or of being attacked by bandit gangs; they can make plans from year to year with a high assurance that what they save can in fact be invested; and a known portion of what they grow will in fact belong to them. In particular, there is a reliable mechanism for the peaceful resolution of land conflicts. In short, rural Taiwan has effective government with a monopoly over force, able to provide a peaceful setting for the economy. Local institutions may have contributed to this stability, but the stability is intimately related to the culture and political history of Taiwan. Throughout the Japanese occupation, rural Taiwan was quite stable. This tendency was reinforced when about 10,000 Taiwanese political leaders were killed by Nationalist armies and police in 1947 and by the arrival of the Nationalist Army of about 600,000 troops (in a population of about 7 million).

In addition to the broad provision of order, rural local government has been involved in a deliberate program to change certain elements of the traditional culture. One of the most dramatic examples of this type of change was the alteration of the character of the mid-summer festival (chung-yüan chieh). Traditionally, virtually every family was required by custom to have a great feast and invite all friends and relatives. So that there would be adequate time to give feasts and attend others, the festival extended for a whole month. This type of festival was accompanied by great waste, as it was impossible to consume an entire feast every night for a month. From the early 1950's the government (through the civil affairs department) attempted to organize an economy campaign which required that the festival could be celebrated on only one day; this would require every family to honor its own ancestors at home in a family celebration, and terminate the practice of inviting many guests over a period of several weeks. The government's plan for unified observance of the festival was accepted slowly and reluctantly by villages until 1972, when Premier Chiang Ching-kuo placed priority on the program. Township offices, local branches of KMT Mass Service Station, school principals, local police were all instructed to give leadership at the village level. Villages were subtly threatened with

special taxes and with loss of government assistance for construction if they failed to switch the day of observance of the festival.¹ Thus, while local government played an important role in carrying out the change in customs, the idea did not come from local government, and required firm central leadership. While it is difficult to pinpoint the effect of such changes on agricultural production, it would seem likely that there would have been a general loosening effect on traditional values and changes in traditional agricultural techniques would be easier to effect.

2. Land Reform

Land reform was, unquestionably, one of the biggest, most important changes in rural Taiwan. Land reform has had four stages in Taiwan: (1) rent reduction to 37.5 percent or below, (2) sale of government-owned land, (3) land-to-the tiller, and (4) land consolidation. Although local government has played some role in administering some phases of land reform, the land reform has been guided by the central and provincial government.²

a. Rent Reduction

Rent reduction has been very closely tied in with national politics in China and Taiwan. While the Nationalists were still on the China mainland, they had expressed a general commitment to the idea of reducing rents to 37.5 percent as early as 1926, and had incorporated the idea into the land law of 1930. During the next 15 years, however, it was implemented only sporadically in a few regions. In the late 1940's however, as civil war with the Communists became intense and as the Communists mobilized support of the peasants by promising land reform, the Nationalists took a greater interest in rent reduction. In 1947, the (Nationalist) National Defense Supreme Council ordered again that rents be reduced to 37.5 percent. As the Communists continued to move southward, the rent was supposed to be even lower, at 33.3 percent in "pacified areas."

When the Nationalists moved to Taiwan, their situation was precarious. Especially before the start of the Korean war in June 1950, when U.S. President Truman still considered Taiwan outside the defense perimeter of the United States, there was a very real possibility that the Communists would "liberate" Taiwan by force. It became essential for

¹Bruce Jacobs, unpublished draft of dissertation.

²A very detailed work which forms the source for most of my discussion of land reform, Tang Hui-Sun, Land Reform in Free China (Taipei: JCRR, 1954).

the Nationalists to strengthen their base of support among the peasants of Taiwan, who constituted the vast majority. A Nationalist source explains the mood at the time:

In order to strengthen the position of Taiwan as an anti-Communist stronghold through the betterment of farmers' livelihood and the increase of agricultural production, the Provincial Government undertook . . . to implement a 37.5 percent farm rent limitation program on private tenanted land in 1949. This program was not much different from what had been tried in the mainland provinces, but was more successful and achieved better results in Taiwan on account of the Government's determination to make of it a success and of the meticulous care with which all the detailed measures for rent reduction and the protection of tenant farmers had been worked out.¹

The Rent Reduction Campaign was announced in April 1949 and included several components: (1) Farm rent would be limited to 37.5 percent of the total annual yield of the main crop; (2) Farm rents would be further reduced in case of natural disaster; (3) Extra rents were barred, including high deposits or extra rent for the farm house; (4) Leases were required to be written, and to extend for at least six years; (5) Upon expiration of a lease, the tenant had the right to renew the lease, unless the landlord planned to farm the land himself.

How were these provisions to be enforced? How was the "main crop" to be defined in regions which planted many crops? How was the total annual yield to be specified? How would it be ensured that leases were written? Who would decide that a "natural disaster" existed, which would justify further reduction in rents? To deal with these questions, Landlord-Tenant Committees were established in each township. These committees included 11 members, including the township executive, the township land officer, five representatives of tenant farmers, two of owner-farmers, and two of landlords. The representatives were selected by indirect elections, with farmers in each category electing representatives in each village; these representatives then elected the representatives for the township Landlord-Tenant Committee. Similar committees existed at county, city and province levels as well. In addition, "37.5 percent Rent Campaign Committees" were established in the townships. These included 15 to 17 members, including township executive, principals and teachers of primary schools (these were likely to be educated people who came from the mainland and were associated with the Nationalist Party), representatives of interested organi-

¹Ibid., p. 31.

zations, prominent social leaders, and representatives of tenant farmers, owner-farmers, and landlords. In ascertaining the rents, these committees used the land grading system which had been developed under the Japanese administration. A "normal" output was specified, and the rent fixed on that basis. Thus the tenant would have a fixed rent, and would have incentives to produce more than the "normal" harvest.

To assure that the campaign was carried out in accordance with national policy, over 3,000 people were mobilized in the summer of 1949 to carry out a field inspection. Provincial, county, and township offices sent out about 1,000 inspectors, and an additional 2,000 school teachers assisted. In addition, the government organized a variety of training programs to assure that local government personnel and members of the committees understood government policy. By 1950, almost 300,000 written leases were signed, affecting 46 percent of the farm families and 42 percent of the paddy land.

b. Land to the Tiller

A "Land to the Tiller" program was announced and carried out in 1953. Under this program, the government purchased landlords' estates in excess of three hectares (valued at 2.5 times the total annual main crop), paying 70 percent in land bonds and 30 percent in stock in publicly-owned industries spread out over ten years. Tenants were given the opportunity to purchase from the government the land which they had previously rented. The purchase price was the price the government had paid, and the payments were spread out over ten years. The reasons for the new program were similar to those for the rent reduction program: namely to build up public support for the Nationalist regime and to reduce the power of independent political forces. The Nationalists realized that their inability to maintain power on the mainland was directly connected to their failure to resolve rural problems; upon their arrival in Taiwan, they were determined not to make the same mistake. The land-to-the-tiller program had the effect of stabilizing the Nationalist regime by giving more farmers an equity position in the rural sector. At the same time, by spreading payments to landlords over ten years it encouraged the former landlords to support the nationalist political system.

The political importance of the program was suggested by the fact that a Nationalist Party committee under the chairmanship of Chiang Kai-shek stated:

A land-to-the-tiller program shall be enforced in Taiwan beginning from January, 1953; all Kuomintang members in responsible government positions shall regard this as the central task for the year; all activities of the Kuomin-

tang shall be effectively coordinated therewith; and all efforts shall be directed to the enforcement of this program.

Because the program was provincial in scope, its details were worked out after extensive discussion by the Taiwan provincial assembly and government, the Executive and Legislative Yuan (of the central government), and various other ministries, experts, etc. When the law was finally announced in January 1953, it applied to all provinces of China, although the nationalist government appropriately recognized that it could be implemented only in Taiwan province at that time.

To administer the program of land reform in Taiwan required effective government at many levels. First there was the problem of records of land ownership. There had to be a way of knowing how much land every family owned. Fortunately, the land offices of the county governments (set up by the Japanese colonial administration) already had records of who owned each plot of land, and these records could be used to construct a new record showing how much land each family owned. The Taiwan Land Bank played an important role in acting as a financial agency, purchasing the land from the landlords, issuing land bonds in kind with interest, and reselling the land to the former tenants. It also took care of transferring government enterprise stocks to the landlords. The Taiwan Provincial Food Bureau was the agency for accepting payments in grain made by farmers for purchasing their land. The entire program was under the supervision of government agencies at every level: the Ministry of the Interior at the central level, the Land Bureau of the Civil Affairs Department on the provincial level, and county and city governments. At the local level, the township office was the basic executive agency. Landlord-Tenant Committees at every level gave important assistance.

Almost 33,000 people were directly involved in administering the program, including government officials and others, as shown in Table 3.2. They all received special training in the government's program. This table does not include staff members of the Land Bank or the Provincial Food Bureau who also helped administer the program. Of these people, perhaps the most critical role was played by officials of the land offices. Land offices were subordinate to the county government; one county might have three or four land offices. Each land office kept records of the land in perhaps three or four townships. Officials of the land offices had the critical task of checking the ownership of land, determining who owned more land than the exempt amount, which plots of land he would sell, and which tenants would purchase which plots of land. In principle, people who sold land would retain those plots nearest to the point of residence. If they had many tenants, the poorest tenants would have

TABLE 3.2

People Directly Involved in Administration
of Land-to-the-Tiller Program, 1953,
and Amount of Special Training

	<u>number</u>	<u>days of training</u>
Chiefs of the Land Sections and land officers in the various counties and city governments	1,322	20
Field workers employed by village and township offices	2,400	10
Members of county, city, village and township Landlord-Tenant Committees	3,032	2
Hamlet and section chiefs or officers	6,537	2
Representatives of tenant farmers, owner-farmers, and landlords	19,611	3

Source: Tang Hui-Sun, Land Reform in Free China (Taipei: JCRR, 1954), p. 118.

priority in purchasing the land. The officers of the land offices did not have final say in the compulsory sales of land; their recommendations would be reviewed by county government and the Township Landlord-Tenant Committee. Undoubtedly the involvement of thousands of people from the villages in the various committees was also crucial for the program to succeed.

When the program was carried out, it involved the transfer of about 22 percent of the paddy land (16 percent of the total cultivated area). About 106,000 families sold land to the government under the compulsory program, and about 194,000 families purchased the land. Altogether, 43 percent of the agricultural families were involved in the program on one side or the other. Table 1.6 (in Chapter 1) shows how the proportion of owner cultivators increased sharply in 1953, and the number of tenants dropped at that time.

To what can the success of land redistribution be attributed in Taiwan? Perhaps the most important factor is that the nationalist government of Taiwan was quite strong in 1953. Much of its strength came from its very large army, mostly of mainlanders. Ostensibly, the army was needed to protect against a communist invasion, but it could not but have an important domestic political role. By this I do not

mean that the land redistribution program was carried out by force; but the fact that the government had the ability to use force when it wanted to was very much a part of the landlords' willingness to accept the program. In Chinese political culture, there is a strong tendency to accept and carry out the policy of a government if it is powerful. The landlords simply perceived no alternative.

Secondly, the plan for redistribution of land was quite reasonable. For tenant farmers, it meant that each year's installment payment would actually be less than the previous rent; and each year the farmer would be establishing an equity position. For the former landlord, although the compulsory sale of land and a fairly low price meant a financial loss, the loss was not so great. Given the fact that land rents had been reduced to 37.5 percent and the power of the landlord to use his land freely had been sharply restricted, the sale of the land did not represent a great additional sacrifice. Moreover, payment in public enterprise industries meant that the former landlords would transfer assets to the rapidly growing industrial sector. It turned out that many former landlords moved to cities and invested in industry and became far wealthier than they could have if they had remained landlords.

A third factor in the success of land redistribution was the careful, basically honest administration of the program and the general political climate. It was very important that accurate land records existed from the previous Japanese administration. It is also relevant that the officials supervising the program were mainlanders, not native Taiwanese.¹ This meant that they were not related to the landlords or politically indebted to them. On the contrary, they may have seen the landlords as a rival, indigenous, independent political force. Thus, the administrators of the land redistribution program were able to resist firmly most approaches for special consideration.² The nationalist

¹When Taiwan was a Japanese colony, very few Taiwanese became directors of land offices or school principals. These jobs were reserved for Japanese administrators. When the nationalist government moved to Taiwan in 1949, it brought with it many people who had previous administrative experience; these people moved into the land offices, schools, tax offices, police stations, etc.

²Of course the administration of the land reform program was not perfect. There were many cases in which landlords were able to escape the law. Sometimes they could convince tenants not to take a written tenancy agreement; then they could argue that the tenants were really laborers with no rights to the land. In other cases they divided the

government had freedom of action with regard to the landlords on Taiwan which it never had when it was still on the mainland.¹

c. Land Consolidation

The final stage in land reform has been land consolidation. This program is quite recent; the first experiments were in 1959-60, and now it has been carried out in only about one-half the paddy land.

After land redistribution, many farmers had several small plots of land, separated by some distance. Not all the plots of land had direct access to irrigation water or to small roads (wide enough for a bicycle). The land consolidation program is designed to change the location of farm plots, so that a farmer will have all his land in one or two plots, and so that all plots will have access to water and transportation. These factors can improve the productivity of the land, enable mechanization, and reduce disputes.² As a practical matter, this has meant that land consolidation has been very closely related to changing the irrigation and drainage canals, and to building new farm roads. Areas which have not yet fixed their roads or canals have not yet consolidated the farm land. In land consolidation there is (or at least is intended to be) no redistribution of wealth. The land is consolidated in a manner so that everyone has as much land after consolidation as he had before consolidation (minus a certain percentage which is used for new canals and roads). Since redistribution is not involved, the execution of land consolidation should not involve the same political problems that were involved in rent reduction or land-to-the-tiller.

Administration of land consolidation is complex. In theory, the farmers themselves initiate land consolidation by requesting it through the farmers' association or township office. (Of course whether such a request is made is closely related to whether the township office or farmers' association has encouraged the farmers to make such a request.) This request is passed to the county government, which sends investigators to every household involved to confirm that

land among several relatives, so that no parcel was over 3 hectares. Sometimes, landlords could repurchase their land from the former tenants. Despite these exceptions, the land reform in Taiwan was very well administered. Bernard Gallin, Hsin Hsing, Taiwan: A Chinese Village in Change (Berkeley: University of California Press, 1966), p. 95-120.

¹See Tai Hung-chao, "The Political Process of Land Reform: A Comparative Study," Civilisations (1968), pp. 61-79; also Chen Cheng, Land Reform in Taiwan (Taipei: China Publishing Co., 1961), pp. 47-48.

²T. H. Shen, Agricultural Development in Taiwan Since World War II (Ithaca: Comstock, 1971), p. 114.

they desire land consolidation. Each land owner must "chop" (i.e. sign) a document authorizing consolidation. The county land office makes the actual plan for redrawing the plots.

Although in theory the plan starts with requests from the farmers, in practice land consolidation must be closely coordinated with new road construction and rebuilding of irrigation and drainage canals. To achieve this degree of coordination, the initiative and approval of land consolidation plans generally came from higher levels of government, probably county and provincial. Local government has some indirect influence, however, because the township office plays an important role in determining the sequence in which villages receive community development projects which include new roads.

Before 1970, when land consolidation was still on a semi-experimental level, the central government paid all the administrative costs of land consolidation, while the farmers involved paid the construction costs. However, since then, the central government has tried to finance the projects by charging farmers 5 percent of the land value. Farmers have refused to go along with this, so the land consolidation program seems stalled for a while. In Pu Yen three-quarters of the land has been redrawn, but this was unusually high. In Erh Lin about 10 percent of the land was redrawn in 1972; local officials expected the redrawing to be completed by 1977. On a provincial basis, 260,000 hectares, representing 28 percent of the total cultivated area (and 52 percent of paddy land) was consolidated by 1973.¹

Thus at every stage of land reform, local government has played an important administrative role. In rent reduction, land-to-the-tiller, and land consolidation programs, the township office has been quite important. It has not, however, been the only, or even prime, administrative agency. The county government, working through the land offices, has been extremely important too. It should also be pointed out that in all stages of land reform, the general policy has been developed at the national level. Local government has had virtually no autonomy in policy questions.

3. Community Development

One of the important programs affecting rural Taiwan is the Community Development Program (she-ch'ü chien-she).²

¹In one region land consolidation was carried out in a very arbitrary, irrational manner; farmers saw no advantage and resented the very high costs of consolidation. Sung-hsing Wang and Raymond Apthorpe, Rice Farming in Taiwan (Taipei: Academia Sinica, 1974), p. 56-59.

²There is a problem with translation here. The

The program includes paving rural roads and building drainage ditches along roads, so that rural transportation is faster and less disturbed by the mud which follows rain storms. A small building is constructed as a neighborhood activities center. It is often used for meeting and for nursery schools. Rural construction also rebuilds water wells and toilet facilities, thereby improving public sanitation. Finally, the local construction program builds walls around houses for privacy and tidiness. This seems important in the Chinese culture; a house is not a home until it has a wall.

Community development as a national program commenced in 1968. The original goal was to carry out the program in all villages in eight years, but funds were not available to proceed at this rate, so the program was stretched out to 10 years. In theory, roughly 10 percent of the villages in a township should have community development each year. This means about two villages each year in a township. During the first few years of the plan, only one or two villages were done each year, so for the latter part of the program, three or four villages must be done each year in each township.

Financing for community development comes from several sources. The provincial government grants NT 180,000 to each development district (generally a village). The county government supplies NT 75,000. The township is required by law to give at least NT 75,000, but may give more if it feels more is needed and appropriate. Finally, the people in the village are required to raise at least NT 250,000. To raise this money within the village, a Village Community Development Board of Directors is established. This committee also helps decide how to spend the money, as will be described later.

Because only a few villages have community development each year, the question of sequence arises. How is it decided which villages have development in which year? Generally the most important factor is the ability of villages to raise their respective shares of the financing. The village which raises its share of the money earliest will have community development first. This, in turn, is often related to the political character of a village. If the village is divided into several cliques and is marked by internal distrust and hostility, it will have difficulty raising the money. If, however, there is unity within the village and if the wealthy are willing to participate, then raising the money will be much easier.

Nationalists refer to the program as **Community Development**, although its focus is on physical construction rather than community social development.

In specifying the precise content of the community development plans, there is a bit of confusion. Local officials of the Civil Affairs Department meet with the village's community development board of directors to work out a plan. The local officials whom I met felt that there were very rigid specifications for community development from the provincial government. They reported that community development projects in each village should include at least 27 improved water wells, at least 33 improved latrines, at least 2,695 meters of drainage ditches, at least 2,000 square meters of paved roads, and at least one activity center. Provincial authorities, however, told me that these figures were simply "examples," not "rules," and felt that local officials who interpreted such examples in a rigid fashion were incorrect. In the first years of the program most of the money given by the provincial government (NT 125,000 out of NT 180,000 to each village) came from a United Nations agency which itself had fairly rigid guidelines. After the UN ceased to consider the Nationalist government as the government of China (in October 1971), these UN programs stopped in Taiwan. Thus it is likely that the guidelines for community development were quite rigid before 1971, and considerably relaxed thereafter (although local officials may not have realized that there had been such a relaxation).

There are other types of projects which may be included in a community development project entirely at the discretion of the village community development board of directors. These include certain investments in production and education, as well as construction for family sanitation, including walls around the houses, walls around latrines, shelters over washing rooms, and drainage ditches around houses. In one village for which I have detailed data, these discretionary projects accounted for only 17 percent of the total budget for the project. The great bulk of the project, 83 percent, followed almost precisely what were considered to be provincial rules.

The village community development board of directors, in consultation with the township office's Civil Affairs Department, makes the specific plan with regard to the precise location of wells, latrines, paved roads, drainage ditches, etc. (for some of these plans, the Township Public Health Station is involved, especially with regard to placement and construction of wells and latrines). The village community development board of directors also has the power to decide how the construction will be done. It has two options. It can do the construction work itself. This means that the villagers will do some work themselves, and that the board of directors will directly hire contractors to do the remaining work. Alternatively, the village community development board of directors can ask the Township Department of Civil Affairs to hire construction companies to do the work.

In either case, law specifies that the hiring of construction companies be done by secret, competitive bidding, with the contract given to the lowest bidder. (Of course this system is not perfect as construction companies sometimes bribe government officials to reveal existing bids.)

It should be noted that after the community development project has been completed, the village community development board of directors has no continuing legal or financial powers. It cannot raise money through any form of taxes for continued maintenance of projects or for hiring personnel --a person to look after the activity center, for example. Thus it is not infrequent that children are playing unsupervised next to a locked activity center.

In community development projects, the local government plays a very important role in organizing the village committees, in developing the specific plans, and in assuring that they are carried out. However, at every point the local government is following provincial policy. It has very little room for flexibility with regard to the content of the construction plans. If a village feels it needs street lighting, public baths with hot water, a communal refrigerator, swimming pools, running tap water, or anything else which is not included by the provincial guidelines, it has little chance of getting it. The main decision made according to local political factors is the sequence in which villages will have their community development projects.

To assure that provincial policies are being carried out, the whole community development program is carefully monitored by the Provincial Department of Social Welfare and by the county Civil Affairs Department.

4. Plant Protection Work

One of the activities of the township offices' Construction Department which directly assists agricultural production is the spraying of rice seedlings to prevent disease. All seedling beds throughout the township are sprayed jointly. This program is supervised carefully by the Provincial Grain Bureau, which sends inspectors to assure that the spraying is being carried out properly. The spraying is done by personnel attached to the township Construction Department, who coordinate this work with the village leader and the local farmers' association.

A similar program is the rat control program. Personnel of the township Construction Department put out poison traps to kill rats. This program is carefully supervised by the provincial government. One such campaign was conducted

in 1957-58.¹ Another campaign was conducted during 1971-73. For the later campaign, the budget for Pu Yen Township is shown in Table 3.3.

TABLE 3.3

Funding for Rat Control Program, Pu Yen Township

<u>source of funds</u>	<u>1972</u> <u>(NT)</u>	<u>1973</u> <u>(NT)</u>
province and county	20,000	8,000
township office	17,000	---
farmers' association	5,000	1,000
masses	20,000	20,000
TOTAL	62,000	29,000

Source: Pu Yen Township Office

In both the seedling protection program and the rat control program, the township government plays an important administrative role. It makes sure that programs are carried out. It does not, however, independently create these programs according to its own evaluation of local needs. These are national programs, carried out locally.

Perhaps these types of disease control and pest control programs are not dramatic, but they are important. In Punjab, an area noted for its tremendous success in agricultural development (roughly comparable to the success in Taiwan), some agricultural economists consider lack of these types of disease and pest control programs to be the most important constraint on agriculture at its present stage of development there.²

5. Other Activities Related to Agriculture

The township office (through the Construction Department) makes periodic surveys of the agricultural situation in the township. It gathers statistics on agricultural population, production, acreage, and yield of different crops. This material is, of course, gathered at the request of the provincial government, and used by the national government to

¹ Shen, op.cit., p. 148.

² S. S. Johl, Punjab Agricultural University; private communication.

make provincial agricultural policies. The data might provide ammunition to local officials when making requests of higher levels of government, but otherwise the data-gathering activities seemed not related to a local political process.

Township offices occasionally help agriculture by establishing a fruit and vegetable market, so that farmers can get better prices for their produce.

Local government provides one other highly important but subtle contribution to agriculture. It is, simply put, one of many channels through which the desires of rural people are communicated to the higher levels of government. Village meetings (ts'un-mun ta-hui) periodically provide excellent forums for villagers to give township officials their complaints and suggestions concerning policies and personnel. Higher levels are under no formal legal obligation to accept the suggestions, but in many cases they want policy to be popular, and thus often do accept them.

B. Administrative and Financial Control Over Local Government

In the analysis above, it is clear that local government generally carries out national policy effectively. A variety of factors explain the compliance of local government to national policies. One of the underlying factors is the political culture of the local officials. According to the values of Chinese political culture, a strong government is obeyed. Local officials consider it their job, their obligation to carry out national policies, especially when the central government is militarily strong. But there are more explicit factors.

1. Budget Control

A basic reason for local government following central policy is the budgetary system. Local government has virtually no financial independence which would give it independent political strength. The financial base for local government is very strictly controlled by the central government. In Taiwan, the tax law specifies exactly what percentage of different types of taxes are to go to which levels of government. This division is summarized in Table 3.4. (The land tax is most important for local government.)

In addition to its share of these taxes, a township may have a little additional income from fees and rental of property. These sources of income are almost never sufficient to cover expenses, so they are supplemented by a grant from the provincial and county government. The income of Pu Yen

TABLE 3.4

Distribution of Taxes in Taiwan (1969)

percent of tax going to each purpose:

<u>Type of Tax</u>	<u>Central Government</u>	<u>Province Fund</u>	<u>To Province For Allocation To Counties</u>	<u>County Fund</u>	<u>To County For Allocation To Township</u>	<u>To Township</u>
Income Tax	80	10	5	5		
Inheritance Tax	20	20				60
Sales Tax	50	10	25	15		
Merchandise Tax	100					
Land Tax		20	20	30		30
Capital Gains Tax (land)		20	20	60		
Business Tax		50	20	30		
License Tax (motor vehicle)		10	30	60		
House Tax				50	10	40
Slaughter Tax			10	70	10	10
Restaurant Tax					30	70
Recreation Tax					30	70
Contract Tax						100
Education Tax				100		
Import-Export Tax	100					

Township government in 1972 is shown in Table 3.5. The total income, NT 5.3 million, is really quite small, representing the equivalent of only about US\$ 4.60 per capita.

TABLE 3.5

Pu Yen Township Government's Income, 1972

<u>Source</u>		<u>Income (NT 1,000)</u>	<u>percent</u>
1. Township share of taxes		3,609	67%
house tax	292	5%	
contract tax	1,077	20	
slaughter tax	101	2	
food, recreation	3	-	
inheritance tax	44	1	
land tax	2,093	39	
2. Fines for late payments		6	-
3. Administrative fees		102	2
4. Rental income from property		4	-
5. Miscellaneous		7	-
6. Carryover from previous years		668	12
7. Assistance from higher levels of government		964	18
TOTAL		5,360	99

Source: Pu Yen Township General Budget, 1974

The township or county government is not permitted to pass a special tax or raise the tax to increase tax income for any special project. The township can encourage voluntary contributions from people (as for example in community development projects described above), but cannot use state power to collect any money other than that specified in the tax law. The tax income for local government is thus specific and inflexible, influenced only slightly by changes in land valuation or increases in certain business deals.

Expenses borne by the township office almost always exceed the income from taxes and local fees. Table 3.6 shows Pu Yen Township's 1973 budget for expenditures. Township officials felt that the expenses were almost all unavoidable, and required by provincial law. The great bulk of the expenses were spent on salaries of officials. Provincial

TABLE 3.6

Expenses for Pu Yen Township Office, 1972

	<u>Expenses</u> <u>(NT 1,000)</u>	<u>percentage</u>
1. Political Meetings (Township Representative Assembly)	208	4%
2. Administrative Expenses of Township Office	2,546	49
general administration	2,195	
village affairs	304	
accounting	28	
personnel affairs	15	
personnel examinations	5	
3. Civil Affairs Expenses	163	3
village local government expenses	69	
military recruitment	41	
land administration	17	
protection	35	
4. Finance Expenses	66	17
5. Education, Science, and Culture expenses of Township office for administration and moral education	25	10
repair of primary schools	506	
6. Economy and Construction	234	5
agricultural extension	46	
livestock extension	16	
forestry products extension	35	
management of industry and commerce	3	
public construction	94	
street lights	40	
7. Transportation Expenses	101	2
road and bridge construction	100	
transportation equipment	1	
8. Health Expenses	345	7
expenses of the health station	300	
expenses of the health group	45	

(Table 3.6 continued)

	<u>Expenses</u> <u>(NT 1,000)</u>	<u>percentage</u>
9. Social Welfare	100	2%
relief for poverty-stricken	40	
social movements	60	
10. Debt Expenses	42	1
repayment of debts, and		
interest		
11. Retirement and Pension Expenses	137	2
12. Expenses of Administering Tax	153	3
13. Bonuses for Officials (education for children, etc.)	221	4
14. Surplus	<u>353</u>	7
TOTAL	5,178	

guidelines established the number of officials, their salaries, bonuses, and pensions. The size of the township health station, as well as the salaries of its personnel, were fixed by provincial policy. (In the 1974 budgets, wages and benefits to personnel totaled NT 4.0 million, out of a total budget of NT 5.22 million representing 78 percent of the budget.) The expenses for political meetings were also set by provincial law. The only expenses on the budget that seemed to have been set at the discretion of local officials were the substantial expenditure for school repairs. The small expenses for relief of poor were at the discretion of local officials also. Thus the mandatory expenditures of the township in 1972 were probably somewhat over NT 4 million, while the township's share of the taxes and its fees brought in only NT 3.71 million.

For a township to be financially solvent, then, it receives assistance from higher levels of government. The amount of some of this assistance is regulated by law, namely the grants for community development. (This will be NT 180,000 from the province and NT 75,000 from the county for each community development district.) Aside from this, however, there appears to be substantial discretion in the county government with regard to how much assistance to give to a township. This fact gives the higher levels of government (primarily the county) tremendous leverage in examining in detail a township's plans for expenditures. The county government can examine all salaries, all programs, all activities in the process of negotiating how much assistance to

give the township. It is clear that this close supervision over budget is one of the reasons that township governments adopt national policy.

One peculiar fact seems to limit the power of the township office in negotiating for assistance from higher levels of government. The local budgets (such as the material presented above) are state secrets, ostensibly because they include some material which may be useful to the communists. Only higher level government officials know exactly how much assistance is given to each township, and the basis for these decisions. This makes it virtually impossible for localities to join forces and apply political pressure to get larger amounts of assistance.

2. Supervision by Higher Levels

Another reason that township governments follow national policy is the close supervision of higher levels of government, primarily the county government. The county government is well staffed and carries out frequent inspection of all aspects of local government work. In Chang Hua County (population roughly 1.07 million), where Pu Yen is one of 25 townships, the county offices have a total headquarters staff of 330 people (excluding field offices). In practice, the township office is visited by some staff member of some county department probably every week or two. The county government even sends personnel to the village level, to inspect the work of the village clerks (attached to the township Civil Affairs Department). In a year, perhaps 200 of the 580 villages are visited.

County government also has the power to investigate specific complaints against any personnel of a township office, whether the complaints come from the township mayor or from the public. After such investigation the county government has the power to recommend (to the provincial government for final decision) the dismissal of local personnel who fail to carry out government policy, or who act illegally. In practice this power does not have to be used very often.

For cases of suspected corruption, the central government can send police investigators from the central government for special investigations. Special military police and the regular prosecutors for the courts can also make investigations into suspected corruption.

3. Local Governance Performed by County

The county government directly administers several functions at the local level, further limiting the township office's potential avenues of political expression or influence. One of the more important is police functions. In

theory, the township executive "supervises" the police; but this supervision seems minimal in most cases. The local political forces, including the township executive, usually have very little ability to influence the work of the police station and can obstruct investigations or "fix" a case only with regard to minor matters. Administratively, the police are listed as part of the county government, and policemen are paid from the county budget. Most likely, however (and I did not specifically investigate this very sensitive topic), the police system is controlled directly from Taipei.¹

Likewise, the offices for land registration and tax collection are run directly by the county and are pretty much beyond the purview of local political leaders. A politician cannot have his friend's land records changed, so that he can get a reduction on taxes. Nor can he "fix" an income tax case. (The farmer actually pays most of his taxes to the Farmers' Association, which forward the taxes to the county tax collection office.) In addition, the primary and middle schools are administered by the county. Teachers are paid from the county budget. The curriculum, established by the Central Ministry of Education in a 382-page book, is enforced by the county. Local political forces have no control over the hiring of teachers, the planning of curricula, or the treatment of students but sometimes their suggestions carry weight. Table 3.7 summarizes the major field offices of the Chang Hua County government.

TABLE 3.7

Field Offices of Chang Hua County Government, 1973

<u>function</u>	<u>number of offices</u>	<u>total number of personnel</u>
Education		5,962
primary schools	159	
middle schools	34	
Land Registration Office	7	94
Tax Collection	1 main 2 branches	307
Police	8 branches	1,121
TOTAL		7,484

Source: Chang Hua County Government Office.

¹Two anthropologists writing on rural Taiwan consider that police "have now become part and parcel of everyday life." They report the Minister of Interior as calling the policeman the most important resource person of all for community development. Sung-hsing Wang and Raymond Apthorpe, Rice Farming in Taiwan, Three Village Studies (Taipei: Academia Sinica), pp. 10-11.

From the point of view of the township, of course, these services of the county government are not free. They come out of taxes which are paid to the county, province, and central government. In Table 3.8, an attempt is made to estimate the payments made by people of Pu Yen Township to higher levels of government, and to compare these with some of the direct services from higher levels of government. The estimates are very crude, particularly with regard to the importance of profits of the Tobacco and Wine Monopoly, which appear to exceed all tax receipts from the township. Also, certain taxes such as customs duties are excluded, on the assumption that they are not important in an inland, rural township such as Pu Yen. The figures show that direct services to the township are far less than what the people of Pu Yen pay to higher levels of government. The difference amounts to NT 6.6 million, about NT 220 per capita. This does not, of course, represent extraction or exploitation of the people of Pu Yen, but rather the extent of indirect benefits from higher levels of government, including most importantly national defense, administrative expenses of various levels of government, investments in highways, bridges, universities, etc.

4. Supervision of Nationalist Party

The Nationalist Party (Kuomintang--KMT) has a certain supervisory function which further explains why local government adheres to central policy. The Nationalist Party has a distinct presence at the township level, where it has offices in a building (Chung Shan T'ang--Sun Yat-sen Hall) and operates a Mass Service Station (min-chung fu-wu chan) with a full-time paid staff of about four people.¹

In addition to organizing recreation and public service activities for youth, assisting people in dealings with government, locating jobs for unemployed and helping to mediate family, business, and employee disputes, the Nationalist Party has a subtle influence in local government work. One of the ways the local Nationalist Party group influences local politics is simply by providing an additional linkage between the local political situation and higher levels. The staff of the Mass Service Station can tell county officials how local officials are performing, and they can also remind local officials of Party and government policies. While the local Party group does not have frequent meetings and does not enforce rigid Party discipline, it does have a certain influence and legitimacy on Party members, and typically all or most of the employees of the township office are Party members.

¹Since they are paid by the higher levels of the Nationalist Party, they are not included in any of the discussion on government personnel or budgets on the previous pages.

TABLE 3.8

Pu Yen Township's Direct Exchange with Higher Levels,
estimated, for 1973

<u>Payments of people in Pu Yen to Higher Levels</u>	<u>NT 1,000</u>
<u>Taxes</u>	
Higher Level's share of house, contract, slaughter, banquet, recreation, inheritance, and land tax	6,944
Business tax	464
Income tax (estimates)	1,500
Tobacco and Wine State monopoly profit ¹	12,800
TOTAL	21,708
 <u>Direct Receipts and Service from Higher Levels</u>	
Direct Revenue aid	1,757
Primary School expenses (county)	7,433
Middle School (county)	3,900
Police (estimated on per capita basis for county)	1,500
KMT Mass Service Station (estimate)	300
Agricultural research services from farm improvement station (estimate)	200
TOTAL	15,090
 <u>Difference</u>	
Payments exceed receipts by	6,618

Notes:

¹This is computed on the basis that Pu Yen has 0.2 percent of the total population of Taiwan, and the total profit of the monopoly in 1971 was NT 6,438 million. It is possible that people in Pu Yen smoke and drink less than the national average, and that therefore such a computation would overstate their contribution to the profits. However, despite the rather low incomes in Pu Yen, people seemed to drink and smoke quite a lot.

The Nationalist Party also influences local politics through participation in the nomination process. In general, local officials emerge from competition between political cliques within the township, as will be described below. The Nationalist Party follows attentively the local factional politics, assists the factions in their negotiations, legitimates the final agreement between the factions, and often makes the agreed candidate its own nominee. If the Nationalist Party feels that the final agreement contradicts its own image of a desirable outcome, it may run its own candidate. In such a case the Nationalist party candidate may or may not win, but his presence will make the campaign more expensive for the other participants. Thus there is a certain incentive for the local factions to agree on candidates acceptable to the Party. Thus, while the Nationalist Party is not tremendously powerful in the selection of candidates, it does play a significant role.

C. Local Elections and Policies

If the activities of local government are so closely supervised by the national government, if the local officials have very little discretion, does it matter who occupies the offices? Many people in rural Taiwan think it does, and elections are sometimes very competitive. However, the electoral process rarely gives the voters a chance to express a political opinion concerning the general nature of rural development in their township.

1. The Stakes

While broad patterns of rural development are fixed by national policy, there are certain types of questions for which the local political system is given autonomy to decide. For many people in a township, one of the most important values allocated through the local political system is status. The township executive is one of the spokesmen for a township. He has the status of leadership. There are many reasons why some men seek such status. They may come from a family which has for generations had high status in a township and may wish to maintain the family position by holding the most prestigious office in the township. Or they may have become quite wealthy in business and now desire the honors of local leadership, which seem analogous to those accruing from making a major financial contribution to a church or hospital in the United States. For others, the office of township executive is a first step in a career in politics, and can establish a reputation as a capable administrator and a network of personal contacts. Some leaders undoubtedly seek office because they want their localities to be administered fairly and honestly, or because they want to help the people. The local political process, with its elec-

tions and negotiations which will be described below, determines who gets this status, or this chance to advance a career.

Second, the local political process can influence certain issues of local development. Most important seems to be the sequence in which villages have their community development projects. The size of the township financial aid to each of the township's community development projects is also somewhat flexible (as long as it is over NT 75,000). The importance of these decisions should not be underestimated. In addition to influencing the standard of living and sanitation, community development projects provide paved roads which can have a significant effect on the economic development in villages, as they influence accessibility to markets. In addition, the local political forces can make judgments about the importance of education and can make contributions to school construction beyond those made by the county government.

Third, the power of local government can influence the personal finances of several dozen individuals. The first category includes those appointed to the staff of the township office. Staff of the township office are quite well paid. In Pu Yen for 1974, the total average payment to staff for the township office (including wages and all benefits) came to about NT 5,000 per month. This is not a very high salary in Taiwan but it is substantially higher than wages for farm labor (perhaps NT 3,000 per month); moreover the work is rather pleasant, not strenuous and not done outdoors in the sun and rain. How a person gets a job in the township office varies from place to place, but civil service regulations restrict the discretion of the township executive. Examinations are used to assure that applicants have a certain knowledge of law and techniques. However, the township has some discretion to select from the pool of people who have passed an exam, and it is inevitable the political factors enter into this selection process. Once a person is on the staff of a township office, he can be dismissed only for cause, and with the consent of county and provincial government. This seems to mean, as a practical matter, that the personnel in most township offices is quite stable. In Pu Yen, when a new township executive was elected, he changed only one staff person in the township office: the secretary.

A second way that leaders of the township office can help their friends is by helping them make contacts with higher levels of government for business deals. For example, the central government is encouraging the development of light industry for export, and therefore does extensive market research and design of new products--ten-speed bicycles, for instance. It then hopes to interest local businessmen in producing the new product. Local politicians may provide a

crucial link in getting the local businessman and the central government together in such a situation, which may turn out to be highly profitable for the businessman.

Some of the ways that a township official can help friends skirt on the border of illegality. In theory contracts for construction projects are arranged through a process of secret bidding. Occasionally, however, a government official may (illegally) advise a favored construction company about the prices of the bids already received, so that the company can more easily prepare the low (but not too low) bid.

Local officials can also sometimes help their friends involved in court cases. For example, it is sometimes possible for provincial representatives to put some pressure on judges examining cases of corruption. I would suspect that such intervention is rare and usually not helpful; but it is not unknown. The local politician could provide an important link in reaching the provincial representative, especially if the latter wants to strengthen his political base in the locality.

Local officials can also sometimes assist farmers in convincing the tax office that their locality was struck by a natural disaster, and therefore is entitled to a temporary reduction in taxes.

2. Patterns of Political Campaigning

These stakes are high enough to spark substantial interest and competition within a township for political office. The manner in which this competition is handled and decided varies from town to town. In some townships, there may be a single group of social leaders which can simply sit down and make decisions. More often, there are two or more groups within a township competing with each other for political power. These groups, factions, cliques (p'ai) may be named after their leaders or may have completely arbitrary names such as the Red faction and the White faction. The style of conflict between these groups varies from town to town. There may be close cooperation and negotiation to divide up the benefits of office; at the other extreme, there may be actual violence between the factions. An intermediate level of conflict is symbolized by frequent electoral contests.

When these factions compete in electoral elections, votes are collected primarily through mobilization of the whole network of personal relations that every Chinese person has. Siblings, uncles, cousins, wives' relatives are all asked by a candidate or his supporters to vote properly. Childhood friends and school classmates are canvassed, as are

members of labor exchange groups and anyone else who might owe a favor.¹

While these personal relations may be the crux of electoral campaigning in rural Taiwan, they are rarely sufficient to guarantee election. Given the limitations on the township government, there really is little way for the outcome of the elections to materially affect the lives of most people, and thus most voters generally have very little direct personal interest in the success of one candidate or the other. To spark interest, to get the voter to vote, a cash payment is generally required--at least NT 5 or NT 10. With this sweetener, high voter participation rates--over 80 percent--are achieved. In addition to these expenses, a candidate is expected to invite out to expensive dinners the local social leaders. Of course there is a point of diminishing returns in spending money for elections. Sometimes the voters may have a clear perception about the honesty and integrity of a particular candidate, and will vote for him regardless of the cash offering. Indeed, a candidate must be careful not to overspend, lest he be considered too corrupt. Despite these natural limitations, election expenses are not small. Election to township representative can cost each candidate up to NT 50,000. A campaign for township executive can cost NT 50,000 to NT 700,000, and up to NT 1,000,000. One candidate for Provincial Assembly spent about NT 1,700,000 in his campaign.

These high expenses provide a strong incentive for potential opponents to sit down and try to negotiate. If negotiations are successful, if an agreement can be made about the relative strength of the two groups, if a decision can be made about who should have which job, then the groups can put great pressure on potential candidates to withdraw so that the elections will be uncontested, and money need not be spent on a campaign.

Generally speaking the groups are quite successful in arranging a distribution of offices without elections. For example in Chang Hua County, where there were township executive elections in 1973, only 10 of 26 townships had contests. In the remaining 16 townships, there was only one candidate. In Erh Lin Township where competition between two groups is intense and sometimes breaks out in violence, the last two township executive elections have nevertheless seen only one

¹Bernard Gallin, *op. cit.*, p. 179. Kinship relationships appear to be of less and less importance now, and factional relationships seem more important. Bernard Gallin, "Political Factionalism and Its Impact on Chinese Village School Organization in Taiwan," in Marc Swartz, Local Level Politics (Chicago: Aldine, 1968), p. 383-99.

candidate. At the township representative level, a similar situation prevails. In Erh Lin, there are 5 districts which elect township representatives; but only one or two of these districts would normally have a contest, the function of which would be to give the groups some empirical evidence by which to judge their power and reach negotiated settlements with regard to other offices.

In these negotiating sessions, one of the important elements is promise of support for political offices. For example in Pu Yen, the Shih faction supported Mr. Lin's bid for township executive; Mr. Lin in exchange supported Mr. Shih's bid for county representative and Mrs. Shih's bid to become general manager of the farmers' association. Mr. Chen, who had threatened a third candidacy for the township executive, withdrew from the race and was appointed secretary of the township office. Through these adroit maneuvers, Mr. Lin ran unopposed for township executive, substantial harmony was achieved between the factions, and campaign expenses were minimized. In these negotiations, the local branch of the Nationalist Party, in conjunction with local notables (wealthy industrialists, teachers, former leaders), plays an important role, especially with regard to the township executive.

It should be pointed out that all these negotiations take place in the context of a culture that seeks to minimize public expressions of conflict. Some analysts might consider the process of negotiations within village leadership to be a consequence of cultural factors. While the role of culture should not be ignored, the economic costs of competitive elections are very important too.

Taiwan's election laws also ensure that elections do not stray from this narrow path of allocating status within the township.¹ It is illegal for a candidate to oppose national policies (kuo-ts'e) in any campaign activity such as speech or handbill. The incumbents may be attacked on the basis of their administration of national policies; but the policy per se cannot be challenged. What constitutes an unchallengeable "national policy"? The most important is the broad vision that the Nationalist government is the government of all of China; that the present period is a brief interlude in the battle against the communist bandits; that the mainland will be recovered in the not-too-distant future; that in the interim it is appropriate for Taiwan to be ruled primarily by mainlanders instead of Taiwanese; that under no circumstance can Taiwan be considered an independent country;

¹Long Yu-hsien, "Taiwan Local Elections: An Introduction," Chinese Journal of Administration 10 (January 1968), p. 37-41; and "The Administration of Local Election in Taipei," ibid., 12 (January 1969), p. 20-27.

and that during the brief period of struggle to recover the mainland the nationalist government must remain in a state of "temporary emergency" (which has now lasted over two decades), during which time the civil rights of the constitution are suspended and the government rules by martial law. Any candidate who hints disagreement with this perspective is subject to arrest and imprisonment. It is not unknown for politicians to be arrested while making speeches to audiences of tens of thousands; police have ways of breaking up such rallies swiftly.¹

Likewise, the policy of class harmony in rural areas cannot be challenged in an election. Any candidate who uses a militant vocabulary in campaigning can be charged with being a communist. The concepts of economic class (chieh-chi), contradiction (mao-tun), and liberation (chieh-fang) are banned from political vocabulary. Any candidate campaigning on the basis that the poor peasants should seize power from the mainlanders who rule Taiwan would be jailed as a communist sympathizer.

Leaving aside restrictions on the content of an election campaign, election laws strictly regulate the format of the campaign and assure that it cannot become transformed into an independent political movement. Campaigning is restricted to the period of ten days before the election. The number of campaign organizers is strictly regulated according to the size of the constituency. Speeches are generally made at officially conducted election meetings, at which a candidate has only 15 minutes to explain his views. The government prints and distributes to all households an election bulletin, which allows the candidate 500 characters to explain his program. Given these restrictions it would seem impossible for candidates to use elections to mobilize certain poor classes for major change in class relations in the countryside.

¹I do not wish to imply that these policies are immutable. Actually I think there is a great possibility that there will be dramatic change in the basic principles underlying political legitimacy in Taiwan, probably in the direction of Taiwan independence, unless, of course, some accommodation is worked out with the mainland. However, whatever changes develop will come about by order of Premier Chiang Ching-kuo, after what he considers appropriate consultation with various political forces, or by coup. The electoral process will not be involved in pressuring for change.

D. Conclusion about Local Government

Local government clearly is a crucial link between the rural villages of Taiwan and the national government. It is the major (although not only) agent for administration of some of the government policies in rural areas. It played major roles in land reform and crop protection work. It also supplies data to the national government which are invaluable in making policies. In all its activities, local government is closely supervised by higher levels of government. It can make autonomous decisions on only a very few questions, principally the distribution of status within a township. It can also affect the fortunes of a couple of dozen families to some extent, and influence the distribution of roads, schools and community development programs. Distribution of status is a question of substantial interest in a village, and when it is concretized in the form of an election (and sweetened by cash payment) there is a great deal of popular participation. Popular participation cannot, however, extend to questions such as pattern of development, class relations, economic differences, political symbols, or the like. If individuals are unhappy about life in their village, they are free to leave it. But the political process does not offer a way of changing it.

Chapter 4

FARMERS' ASSOCIATIONS

A township farmers' association is like a profit-making corporation owned by most of the farmers in the township. It derives income from a monopoly or strong position in most of the critical activities associated with a traditional rural economy, including grain processing and storing; marketing of agricultural products and supplies, and consumer goods; and credit. If the farmers' associations did not exist, all these profit-making activities would be controlled by private individuals and these people would constitute the economic, political and social elite of the township. The farmers' associations in effect socialize both the political power of this potential elite and the profit it would earn, and make sure that the profits are redirected back into the local economy. The most important way this is done is through expenditures in agricultural extension. Additional funds may be made available for education, school construction, road construction, library, or some other community activity. In most of their activities, the farmers' associations help almost everyone in the township.¹

The farmers' associations also play a significant political role. They have contacts in every village and can be used by a political faction to mobilize people to vote for a particular candidate. In certain ways the farmers' association functions analogously to a political party.

There is no doubt but that the farmers' associations have made a very important contribution to improving agricultural technology and the livelihood of peasants in Taiwan. The question to be considered here is why the farmers' associations have been able to do this. Some people argue that the farmers' association is effective because it is based on the principles of democracy and is controlled by and for the local farmers, who constitute the membership. However, I believe that in most of their activities they are controlled by the central government, generally through the Provincial Farmers' Association. The fact that the township farmers' association helps everyone and is not dominated by a rural elite is due to firm central controls over them and also to the fact that the rural elite was greatly weakened by land reform. It is not due to local participation and control.

¹However, farmers' associations make certain choices with regard to popularizing certain high-profit crops (especially mushrooms and asparagus) which can be of tremendous value to a few dozen families.

A. Historical Background

Farmers' Associations in Taiwan were originally established while Taiwan was a colony of Japan, and were closely related to analogous institutions in Japan.¹ In Taiwan, the farmers' associations were first organized in 1900; rules for establishing farmers' associations were distributed in 1908, and within a few years, they had been established in every county.

The farmers' associations had two major functions. The first was to supply information to the farmers. The associations had close relations with agro-scientific research centers and actively popularized information about new varieties of seeds or patterns of cropping. The second function was to supply certain inputs. The associations purchased chemical fertilizer on behalf of their members and supplied improved seeds.

To provide credit and to help with distribution of fertilizer, another institution emerged, beginning in 1913, namely the agricultural cooperative. During World War II the Japanese administration merged these two institutions, but in 1946 (after Taiwan had reverted to Chinese control) they were again split apart. In 1953 there was another reorganization, in which the credit cooperatives were again merged with the farmers' associations.

The size and importance of the farmers' associations and the agricultural cooperatives during the period of Japanese rule is indicated by the fact that by the late 1920's and early 1930's they employed about 40,000 people. Thirteen thousand of these were extension workers, 9,000 of whom were agricultural advisers working at the level of the village. This is one extension worker per 32 farm households. The farmers' associations were not simply paper organizations, as cooperatives often are in other countries.

The farmers' associations and the cooperatives had a peculiar organizational tension, which has persisted to the present day. On the one hand, to some extent, they were

¹My discussion of the historical background of the farmers' association is based on Samuel Pao-san Ho, "Agricultural Transformation under Colonialism: The Case of Taiwan," Journal of Economic History Vol. 28 (September 1968), p. 330-333; Ramon Myers and Adrienne Ching, "Agricultural Development in Taiwan under Japanese Colonial Rule," Journal of Asian Studies Vol. 23 (August 1964), pp. 562-65; Min-hsih Kwoh, Farmers' Associations and Their Contributions towards Agricultural and Rural Development in Taiwan (Bangkok: FAO Regional Office for Asia and the Far East, 1964), p. 4-8.

private, voluntary associations. At the same time, they were quasi-governmental, organized according to particular laws and administered by government officials. Indeed at one point all land owners were compelled to join.

From a social point of view, the farmers' associations also had internal tension. They were supposed to serve every farmer in the locality; at the same time, however, they were usually dominated by the local elite of large land owners and wealthy farmers.

B. Structure and Organization

In Taiwan there are 328 basic level farmers' associations at township level. Although the farmers' associations all perform roughly the same tasks and have roughly the same legal structure, there is enormous variation in these farmers' associations for reasons which will be explained in greater detail below. In a poor region (Lin K'ou), the farmers' association may be located in an old building, dating back to the period of the Japanese administration. It may have only one working room, perhaps 50 feet square, with a counter at one section. Its staff may be about 10. There are no separate offices inside. The furniture is several decades old; the chair which once was padded has its springs dangerously exposed. There is an adjacent shed which is a fertilizer warehouse. The other extreme for a farmers' association is one in a rapidly growing industrial city (Feng Shan), where people who were farmers a few years ago became very wealthy by selling their land for industrial uses. This farmers' association has a brand new six-story air-conditioned building. On the first floor the floors are beautiful green marble, as is the 100-foot counter at which members get service. Other floors have a variety of private office rooms and meeting rooms. There may even be a room in which visitors may stay. The furniture in this farmers' association is of beautiful woods and high quality upholstery. This farmers' association may have a couple of other buildings used for warehouses or various services. Perhaps more typical than either of these extremes is the farmers' association building that was constructed ten years ago (Pu Yen). It is two floors; the bottom floor has counters for services. There may be a separate room for selling electrical appliances or agricultural chemicals. Upstairs are a few offices and large meeting rooms. There is no air conditioning but there are overhead ceiling fans. In the back is a grain processing factory and grainery. There may be a separate building nearby for classes run by the extension department. This typical farmers' association has a staff of about 40. (The wide variation in facilities is explained by the fact that the building construction is financed by the farmers' association itself; if a farmers' association is highly profitable--i.e.,

does a large volume of business and is well-managed--it can afford a fancy building; if it is not so profitable, it can not build such a building.)

In legal theory, the farmers' association is a membership organization, controlled (indirectly) by its members. Membership is on a family basis; generally the head of household represents the family.¹ (In Taiwan, each household is registered with the government and has an official "head.") There are two types of membership, regular (for farmers) and associate (for people with other occupations). Any family, the majority of whose income comes from agriculture, may join the farmers' association as regular members. (There are a few qualifications to this: members must be over twenty years old, must not be bankrupt, and must not be deprived of civil rights or prohibited from owning property.) Technically, one joins by purchasing shares and paying dues. The amount of money involved is very little, generally NT 10 to NT 20 per year. As a practical matter, most farm families in a township join the farmers' association. In 1970 Taiwan had 880,000 farm families, and there were 601,000 regular members of farmers' associations. In Pu Yen in 1973 there were 4,826 farm families and 3,988 regular members of the farmers' association.

Families which are not predominantly engaged in agriculture (for instance merchants, school teachers, construction workers, etc.) may also join the farmers' association as "associate members." They may wish to do so to be able to borrow money from the farmers' association credit department. In most farmers' associations, the regular members (farmers) constitute the majority of the members. However, in many farmers' associations in urban townships or cities, the associate members may constitute a majority of the members; in such a case (Feng Shan city, for example) the farmers' association may have many other activities in addition to those assisting agriculture. Table 4.1 gives provincial data for farmers' association membership and data from Pu Yen and Feng Shan. It is worth noting that certain regulations strengthen the role of the farmer-members. Only the regular members may vote for representatives and serve as representatives or members of the board of directors. The associate members can participate only as members of the board of supervisors. Thus, even in a farmers' association such as Feng Shan, where regular members constitute a small minority of the membership, they still have great influence in the activities of the association. The regular members are grouped on the basis of residence. All members in a village constitute an "agricultural small group" (nung-shih hsiao-tsu) with perhaps

¹The board of directors of the association approves new membership and changes in membership category.

TABLE 4.1

Regular and Associate Membership in Farmers' Associations

	<u>Pu Yen 1973</u>	<u>Feng Shan 1973</u>	<u>All Taiwan 1970</u>
Total farm families	4,826		880,274
Number of regular members of farmers' associations	3,988	1,885	601,148
Number of associate members	789	3,952	298,312
Total FA members	4,826	5,837	888,460

150-250 members. The members elect a chairman for this small group to act as a contact point with the farmers' association. (This will be described in detail below.) In addition, the small group elects a certain number of representatives to the Farmers' Association Representative Assembly (hui-yuan tai-piao) every 1 years. In Pu Yen, which is probably typical, there are 22 small groups and 79 representatives, allocated to the groups in proportion to their number of members.

The crucial task of the Representative Assembly is to select a Board of Directors (li-shih hui) of roughly 11 members. In addition it elects a Board of Supervisors (with three members in Pu Yen), to oversee the work of the farmers' association staff. The Representative Assembly meets annually to discuss the general operations of the farmers' association and must approve the budget.

The Board of Directors meets about every two months. It has the crucial task of selecting the general manager (tsung kan shih) of the farmers' association. The general manager is the basic executive of the association--the person in charge, the person with a vision of agricultural development and with power to implement plans. The general manager is a very powerful person in the township, with status roughly equivalent to that of the township executive.

While these various formal structures give the members control over the farmers' association, there are important structures above the township farmers' association which also affect it. In fact, as we will see, it is the supervisory bodies which make almost all the important decisions for the farmers' associations and which closely supervise the work of the farmers' association.

The most important supervisory body is the Provincial Farmers' Association. In legal theory, the Provincial Farmers' Association is an elected body that serves the farmers. It has the same basic organization as the township farmers' association, namely representative assembly (with representatives chosen by the county farmers' association representative assembly), which selects a board of directors, which selects the general manager. There is, as just indicated, a county farmers' association, with the same organizational structure. In practice, however, this level does not appear to be too important.

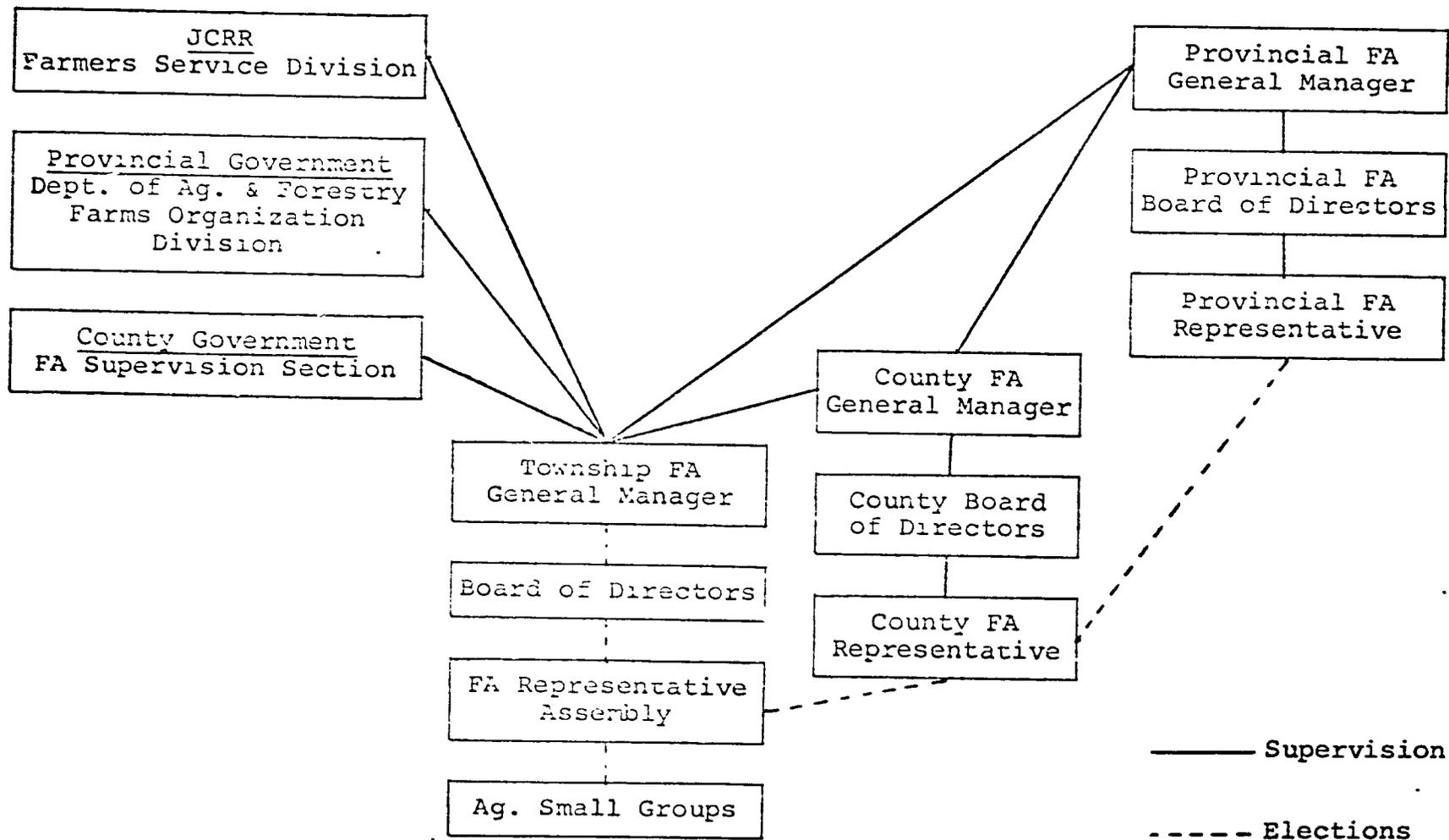
As a practical matter it seems difficult to consider the Provincial Farmers' Association to be democratically controlled by the farmers in any but the most formal legal sense. The elections are all indirect, and whatever issues there may be are hardly ever aired publicly (and certainly not in conjunction with elections of the basic level township farmers' association representatives). The Nationalist Party intervenes with regard to the selection of directors as well as general managers at every level. From the point of view of the farmer, the Provincial Farmers' Association is a high level organization over which he has no control or influence, almost indistinguishable from the government.

In addition to supervision by the county and Provincial Farmers' Association, there is direct supervision by the government. The township office does not supervise the farmers' association but can, of course, report violations of law or policy. The county government has a special unit whose responsibility is specifically to supervise the work of the farmers' association. It sends observers to township farmers' association elections and meetings. The provincial government also has a unit which supervises the farmers' association, namely the Farmers' Organization Division of the Provincial Department of Agriculture and Forestry. The Farmers' Service Division of the JCRR also looks after the activities of the farmers' associations and may suggest changes in regulations governing the farmers' associations. In addition, the police departments at all levels have power to investigate the activities of farmers' associations. Figure 4.1 summarizes some of these relationships of election and supervision.

Thus, although the farmers' associations are structured in a manner to give members control (through indirect elections) over the general manager and some of the supervisory bodies, it would be a mistake to consider them simply democratic institutions. They are subject to strict control from various agencies above them. In the discussion below on activities of the farmers' associations, we shall point out how much of the activities of the associations are controlled by regulations passed by higher authorities, especially the provincial farmers' association.

FIGURE 4.1

Organization and Supervision of Farmers' Associations



C. Income Making Activities

The township level farmers' association is financially self-supporting; all of its activities, staff expenses, etc., are paid with funds the farmers' association earns. Thus there is a certain logic in first considering the activities of a farmers' association which bring in income. Two departments in particular, the Supply and Marketing Department and the Credit Department, usually earn the bulk of the income for a farmers' association. Sometimes the Insurance Department will show a small credit.

1. Supply and Marketing Department

One reliable source of income for the farmers' association comes from its role as the place at which farmers pay their land taxes (in rice) to the government. The government pays the farmers' association a handling fee for collecting the rice. The farmers' association also makes a profit in processing the grain brought in as a tax. If a farmer grows only cash crops and has no rice to pay his tax, he can buy rice at the farmers' association for this purpose. However, he buys the rice at 3 percent above the selling price, and the farmers' association gets this profit. The farmers' association also stores some of the rice collected as taxes. (This rice can provide food for government employees or for military purposes. It might also be distributed in case of crop failure.) For storing the grain, the farmers' association will receive a fee from the government (through the Provincial Grain Bureau).

Another important source of income for the farmers' association comes from fertilizer sales. The farmers' association has a virtual monopoly on sales of fertilizer, and it is allowed a certain mark-up by the government on fertilizer sales. (The amount of fertilizer available for sale by each farmers' association and the manner in which it is allocated are strictly regulated, as we will discuss later.) The farmers' association also purchases certain crops (rice, mushrooms, asparagus, sometimes maize) on behalf of the government at fixed prices; it earns a handling fee. In all of these activities, then, the amount of profit earned by the farmers' association is very much regulated by the government policy. The farmers' association can do little or nothing to affect the volume of transactions or the rate of profit.

In other types of transactions the farmers' association can influence its profits. The farmers' association may assist farmers in collectively marketing produce. For example, it may collect fruits, vegetables and pigs, and transport them to a major market with higher prices (such as Taipei). In such cases, the farmers' association earns certain packaging and shipping fees, the percentage of which is

regulated by the Provincial Farmers' Association. A farmers' association can establish an animal feed grain factory and make a profit on the animal food.

In addition, a farmers' association has the legal right to sell anything it wishes, at a regulated profit. It is rather typical for a farmers' association to sell agricultural chemicals.¹ Some farmers' associations have tried to sell electrical appliances, such as rice cookers, televisions, refrigerators, washing machines, fans, etc. The farmers' associations can often undersell nearby stores, but lack service personnel so cannot offer to guarantee or fix defective merchandise. Farmers have been reluctant to make major purchases under such conditions, so some farmers' associations which experimented selling electrical appliances have dropped this particular line.

It would, of course, be incorrect to consider all such marketing ventures as simply opportunities for the farmers' association to make a profit. These activities also (perhaps it should be said primarily) serve to improve the farmers' standard of living by selling his produce at a higher price, and by purchasing commodities at a lower price.

2. Credit Department

Farmers' associations can earn a major portion of their income through the activities of the credit departments. The credit departments function essentially as banks. Members of the association may deposit their savings in the credit department and earn interest. These deposits are used by the farmers' association to back up loans to other members. The interest on loans exceeds the interest on deposits, so the farmers' association can show a profit in this activity. The interest rates on both deposits and loans are strictly regulated by the government and the provincial farmers' association, as is the maximum ratio of loans to deposits. What determines the volume of business and income is the level of deposits, and this can vary greatly. Several factors seem most important in determining the level of deposits and hence income from credit operations. First is the amount of economic surplus available in a community for saving. In a poor, mountainous area without special cash crops, the

¹In fact, the Provincial Farmers' Association manufactures pesticides for sale by the township farmers' associations. However, the farmers' associations do not have a monopoly on chemical sales. In many small villages there are agricultural chemical stores, which do good business because they are open very early in the morning, as farmers are going to work, and at mid-day, when farmers are resting. (At both times many farmers' associations are closed.)

farmers simply have no surplus and cannot save; the farmers' association credit department will have very low deposits. In a moderately productive area where farmers can save a little money, the credit department will have some deposits. In certain areas, however, such as in areas near industrial regions, many farmers have made a great deal of money selling farm land for construction of factories or housing for workers. These farmers are unlikely to invest their money in a stock market or in a factory, and the family consumption patterns do not change overnight. The cash from the sale of land is most likely to be deposited in a savings account, often in the farmers' association. Thus farmers' associations near industrial cities may often have a very high level of deposits. Similarly, a farmers' association in a market town or city may have higher deposits because the merchants are more likely to have cash available for deposit. Generally, the associate members, who are merchants, make the bulk of the deposits, even though they constitute a minority of membership.

A second factor influencing the level of deposits will be the basic competitive situation of the farmers' association credit department vis-à-vis neighboring banks. Of course if there are no banks nearby, the farmers' association credit department is likely to have a lot of deposits. If there are other banks, the level of deposits in the farmers' association credit department will be affected by particular modes of service the credit department offers. For example, if the farmers' association opens early in the morning, during lunch hour, and in the evening, it may get more deposits. Respectfully treating peasant members, providing comfortable chairs and magazines for waiting, offering a cold towel to cool the sweated brow of people coming in--in short, "trying harder"--all help to build up deposits.

The third (and often most decisive) factor affecting deposits is the general standing of the farmers' association in the community. If the community is sharply divided into factions, and if one of these factions clearly dominates the farmers' association, then members of the other faction(s) will not bank their savings in the farmers' association credit department. Similarly, if the farmers' association has a reputation for integrity and efficiency, if it does not represent the interests of one clique, if it uses its profits wisely for the benefit of the entire community, then many people will want to make deposits. The level of deposits will be high, and the farmers' association will have the resources to make profits. The government in Taiwan considers the level of deposits in a farmers' association to be a good gauge of the general reputation of an association.

If a farmers' association wishes to increase its income and activities, it will often begin by having a campaign

to increase deposits in the credit department. The farmers' association will take some of the steps suggested above, such as improving its general reputation and making its services more convenient. It will also, of course, use all its personal contacts; relatives, friends, and all other contacts of staff members will be canvassed to make or increase deposits in the farmers' association credit department.

A farmers' association has a few other sources of income. It might rent out tractors; or it might have a small demonstration farm, the proceeds of which would go to the farmers' association. There may be a charge for veterinary services which farmers' association offers its members. There will also be a small amount of income from members' dues. Finally, there may be some funds received from the government to carry out special experimental programs. For example, a farmers' association may receive government subsidies to purchase agricultural machinery to establish a tractor station. Government subsidies are, however, for special programs, not for regular activities.

Table 4.2 shows the sources for one farmers' association in 1962. Since that time there has been a general inflation so the figures would all be larger now. However, the ratios between the various sources probably has not changed much. It must be remembered, however, that there is tremendous variation among the farmers' associations with regard to sources of income and levels of income. Table 4.3 suggests the range.

D. Activities of the Farmers' Association

The history of bureaucratic organizations is filled with examples of organizations which raise money simply to exist. This is not the case of the farmers' associations in Taiwan. With the income derived from the above mentioned activities, they perform vital functions for the farmers. Generally speaking, the activities follow closely the regulations of the Provincial Farmers' Association. The most important activities include distribution of fertilizer and credit. Also the farmers' association plays an important role in the extension of new techniques and new crops and performs a general educational role at several levels.

1. Distribution of Fertilizer

Ask any farmer in Taiwan what the farmers' association does. His first reply will probably be: "That's where I get my fertilizer." (His second response may be "That is where I pay my taxes.") The high productivity of agriculture in Taiwan is directly related to chemical fertilizer, and few factors affect a farmer's income more than his access to

TABLE 4.2

Balance Sheet for Tan Tze FA, 1962 (NT)

<u>Profits of the Supply and Marketing Department</u>		
Profit from sales of goods (esp. fertilizer)	458,400	
Profit from grain processing	20,402	
Profits from warehousing	23,351	
Income from government for performing government activities (tax collection)	111,519	
Other	111,459	
TOTAL gross profits of supply and marketing department		725,137
<u>Expenses of Supply and Marketing Department</u>		
Administrative and supervision expenses	621,257	
Other expenses	41,037	
TOTAL expenses of supply and marketing department		662,294
TOTAL NET PROFITS OF SUPPLY AND MARKETING DEPARTMENT		62,837
<u>Profits of Credit Department</u>		
Receipts		
Interest on loans advanced	747,724	
Interest on redeposits	547,089	
Other	5,197	
TOTAL RECEIPTS		1,300,010
Expenses		
Interest paid on deposits	777,619	
Interest paid on borrowed funds	41,863	
Administrative and other	394,266	
TOTAL EXPENSES		1,213,748
TOTAL NET PROFITS OF CREDIT DEPARTMENT		82,262

TABLE 4.2 (continued)

<u>Other Income</u>		
Service receipts	42,696	
Membership fees	3,430	
Members' contributions	11,335	
Profits earned by business services	54,376	
Government subsidies	47,740	
Other	39,054	
TOTAL OF OTHER INCOME		198,631
GRAND TOTAL OF INCOME AND PROFITS		347,730
EXPENSES		
Service expenditures (extension, etc.)	139,957	
Subsidies	14,693	
Administrative expenses	62,523	
TOTAL OF SERVICE EXPENSES		217,173
SURPLUS AT END OF YEAR		130,557

Source: Min-hiuh Kwoh, op. cit., p. 61-62.

TABLE 4.3

Sources of Profit for Various Farmers' Associations, 1972 (NT 1,000)

<u>Name</u>	<u>Characteristics</u>	<u>Regular Members</u>	<u>Associate Members</u>	<u>Total Deposits</u>	<u>Profits from Credit Dept.</u>	<u>Profits from Marketing Dept.</u>
<u>Poor Farmers' Association</u>						
Lin K'ou	poor area, FA not very well run in past	969	447	598	9	80
<u>Typical Farmers' Association</u>						
Pu Yen	poor agricultural area, FA well run	3,949	479	7,850	107	236
Erh Lin	commercial ag. factionalized village; possible corruption in FA	4,642	1,438	23,832	61	19
<u>Very Rich Farmers' Association</u>						
Feng Shan	rich, industrializing city with aggressive FA leadership	1,596	3,165	156,656	1,702	786
<u>Typical Range</u>		300- 3,000	100- 2,000	15,000- 40,000	50- 500	20- 300

fertilizer and its price. Distribution of chemical fertilizer is strictly regulated in Taiwan. All production of privately owned factories (with the exception of that which is exported) must be sold to the farmers' associations at a fixed price.¹ All imports are also channeled through the farmers' associations, so the farmers' association has a monopoly on retail distribution of fertilizer. There is a little slippage in the system; some fertilizer is stolen or illegally channeled to merchants. Some farmers may sell what they do not use to other farmers. Police rapidly investigate reports of merchants hoarding and selling fertilizer, and jail sentences are not uncommon. Thus the farmers' associations monopoly over fertilizer is almost complete.

Before 1971, fertilizer was distributed in direct exchange for rice. A farmer brought a certain amount of rice (or promised to bring it after harvest) to the farmers' association and exchanged it for fertilizer. The ratio of exchange changed somewhat over time in the favor of the farmer.

TABLE 4.4

Exchange Ratios of Rice and Fertilizer

<u>Year</u>	<u>Units of Rice per Unit of Ammonium Sulfate</u>	<u>Year</u>	<u>Units of Rice per Unit of Urea</u>
1950-60	1	1955-60	2
1971	.58	1971	.89

Source: T. H. Shen, Agricultural Development on Taiwan Since World War II (Ithaca: Comstock, 1971), p. 408.

Some farmers who grew jute, wheat or vegetables could purchase fertilizer for cash, but in general the only way to get fertilizer was in exchange for rice. Indeed, farmers who wished to plant something other than rice had to purchase rice at inflated market prices to exchange for fertilizer.

This exchange system has two consequences. First, it encouraged farmers to grow rice, which is synonymous with

¹This system enables the government to regulate distribution of benefits of economic development. In general the government has kept the price of fertilizer high (relative to world market prices) so that the largely government owned fertilizer industry would make large profits, and farmers would benefit only a little from using fertilizer.

wealth and security in the context of Chinese culture. Secondly, because most farmers grew rice, virtually every farmer had access to chemical fertilizer in rough proportion to his production above home needs. This slightly favored the families with larger farm size, but pretty much assured that everyone would get some fertilizer.

As Taiwan's agriculture became more commercial, as more people grew fruits and vegetables, the exchange system was blocking development of high-value specialty crops. Thus in 1972, the government changed the system and made fertilizer available for cash purchase. However, it is strictly rationed to farmers on the basis of how much land they cultivate and what crops they grow. Farmers' associations all use a list prepared by the Provincial Grain Bureau to compute how much crop nutrients a farmer may purchase. This is administered by the extension department of the farmers' association, which has records showing how much land each farmer cultivates and what crops he grows. The extension department gives the farmer a slip of paper stating how much fertilizer of what types he is permitted to purchase. The farmer then pays the money to the farmers' association, gets his slip of paper stamped, and proceeds to the warehouse where he picks up his fertilizer, puts it on the back of his bicycle or motorcycle, and takes it home. There appears to be very little corruption, kickbacks, or favoritism in the distribution of fertilizer. In Taiwan, fertilizer is so important that there is an ethic that everyone should have equal access to fertilizer, much as he has equal access to sunlight, breathing air, and rainfall.

It should be pointed out that this system of distribution of fertilizer, which emphasizes equality of access, is strictly defined and supervised by the central government through the Provincial Grain Bureau. The mechanism for distribution and the price of the fertilizer are both established by the central government. The farmers' association has no authority to modify the patterns of fertilizer distribution, and can do so only by tolerating corruption or other illegal practices. Needless to say, police and other law enforcement agencies help prevent such developments.

The decision by the central government to enforce equal distribution of fertilizer and to prevent a small group of farmers from getting most of the fertilizer is, of course, a highly political decision. It is closely related to the overall policy of land reform, and preventing the emergence of a new, very wealthy class of farmers and landlords who would have a political base independent of the Nationalist Party.

2. Distribution of Credit

In our earlier discussion of the credit department, attention was focused on profit-making potentials. However, farmers need access to credit to purchase agricultural supplies and for other purposes, so the distribution of credit by the farmers' association is a service to the farmers. We should not overrate the importance of this service, however, because there are other sources of credit in rural Taiwan.

In Table 4.5, the various formal agencies which supply farm credit are listed, with the amount of outstanding loans in 1971. Because, however, some of the agencies distribute their credit through the farmers' associations, the role of the farmers' associations is understated by these data. Some observers estimate that the farmers' associations supply about one-third of rural credit.

TABLE 4.5

Year-end Outstanding Balances of Agricultural Loans
by Lending Agency, 1971 (million U.S. dollars)

1. Agricultural Credit Agencies		330
a. Farmers' Associations	35.0	
b. Land Bank	101.1	
c. Cooperative Bank	127.8	
d. Farmers' Bank	66.1	
2. Commercial Banks		16.0
3. Government and Semi-Government		59.3
a. Provincial Food Bureau	17.7	
b. Taiwan Sugar Company	12.2	
c. JCRR	29.2	
GRAND TOTAL, INSTITUTIONAL LOANS		425

Source: Dale Adams, H. Y. Chen, and C. Y. Hsu, "Rural Capital Markets and Small Farmers in Taiwan," in Small Farmer Credit in East Asia (Washington, D.C.: U.S.A.I.D., 1973), p. 9.

It should be noted that farmers often borrow money from friends, relatives, and informal cooperative associations. Data on the extent of this type of borrowing are scarce, but some survey material is summarized in Table 4.6. It shows that for every one dollar borrowed from an institution, the average family borrows .37 from informal sources.

TABLE 4.6

Average Value of Loans by Farmers in One Survey, 1970

	<u>\$ US</u>	<u>NT</u>
Average Institutional Loans for each family	372	15,300
Average Non-Institutional Loans	138	5,700
Total average debt of farm family	510	21,000

Source: Dale Adams, H. Y. Chen, and C. Y. Hsu, "Rural Capital Markets and Small Farmers in Taiwan," in Small Farmer Credit in East Asia (Washington, D.C.: U.S.A.I.D., 1973), p. 30, 31.

Data from Pu Yen township in mid-1973 reinforces the picture that the loans from the farmers' association are not the major source of credit for agricultural development. Of the 4,469 member families of the farmers' association, only 596 had outstanding loans. The average loan for most was around NT 10,000, although some were much higher. Some of the largest loans were to merchants; most of the other loans were for constructing and repairing houses. It was thought that only three borrowed money for setting up animal husbandry operations.

There are very good reasons why the farmers' associations supply only a portion of total agricultural loans. Simply put, it is difficult, uncomfortable, socially awkward to borrow from a farmers' association. I am not sure whether it is more difficult than borrowing from other institutions, but it certainly is not less difficult. Moreover, the interest rates on the loans are fixed by national policy and are roughly the same for all lending institutions, so there is no financial advantage in borrowing from a farmers' association.

There are many types of loans the farmers' association makes, each with its own particular ways of qualifying,

limitations on maximum borrowing, rates of interest, and timing of payments. These various types of loans are summarized in Table 4.7. For the loans with a lower interest rate, the farmer must physically turn over the deed for his land to the farmers' association to serve as security. Farmers, for whom ownership of land represents security in life, feel distressed at giving up the deed to their land. Moreover, for some of the loans, it is necessary to have one or two household heads guarantee the loan. A farmer will find it embarrassing to ask someone else to guarantee his loan. Another problem has to do with checking the credit standing of the loan applicant. The farmers' association sends out an investigator to check the general credit rating of the applicant, confirm that he owns the land, investigate the general conditions of the land and the value of the farmers' home, and also check the standing of the guarantors. As a practical matter, the credit investigator can check only one applicant a day. In Pu Yen, there was only one credit investigator, and about 30 to 40 applicants were waiting to be checked. Thus there is a delay in deciding to grant the loan. A final problem with loans from the farmers' association is that there is a rather low limit on borrowing of NT 50,000 for secured general loans and NT 120,000 for mortgage loans. To build a fairly large-scale integrated pig-chicken-fish farm required an investment of NT 200,000 for construction and buying animals. About the same investment was required for an orange grove of one hectare; the funds were needed to prepare the land, build bamboo fences, and purchase the saplings. To build sheds and purchase supplies for growing mushrooms on a moderately large scale (14 sheds with 900 ping--one ping is about 3.3 square meters) an investment of over NT 300,000 was required. While these were not small-scale projects, the agricultural extension agent thought it would not be advisable to establish such operations on a smaller scale because they would not be very profitable. Thus the secured general agricultural loan, with a maximum of NT 50,000, is hardly adequate for a farmer who wants to expand into high-value crops. The farmers' association can loan a portion of the investment, but a farmer will still go to a bank to borrow the rest.

These regulations governing the practices of the credit departments of the farmers' association are written by the Provincial Farmers' Association, presumably in consultation with the Provincial Department of Agriculture and Forestry and other departments concerned with the economy and banking system. The township farmers' associations cannot modify them. The township credit departments are, of course, subject to investigation and audit by higher level farmers' associations to make sure that the regulations are being followed.

The regulations are obviously designed to reduce the risk of lending money, and they have succeeded in this end.

TABLE 4.7

Types of Loans Available from Farmers' Associations

<u>Type of Loan</u>	<u>Maximum Loan (NT)</u>	<u>Interest Rate/Year</u>	<u>Maximum Time</u>	<u>Method of Repayment</u>	<u>Qualifications</u>
General Agricultural unsecured	20,000	12.50%	2½ years	repay every 6 months	need two guarantors, good credit rating
secured	50,000?	12.00%	5 years	repay every 6 months	land deed required as security; size of loan is determined by land value; must deposit NT 50 in FA/1,000 loan for FA capitalization
Credit	20,000	12.70%	?	interest must be paid monthly; late payments at double rate	must own land, but deed not required as security
Mortgage	120,000	12.19%	5 years	quarterly payment of principle	need deed of land as security and one guarantor
Machinery Purchase	8,000?	10.00%	?	?	must purchase NT 40,000 of machin- ery and be recom- mended by extension department; loan is from Provincial Grain Department

The number of defaults is very low. However, they have also discouraged many farmers from borrowing money from the farmers' association. There is no more red tape, no more embarrassment, no more confusion, no more waiting, and no higher interest rate at the land bank or at many commercial banks. It is therefore logical that the farmers borrow much more money from these sources than from the farmers' associations. For small, short term loans the farmer is more likely to use non-institutional sources of credit--a friend, wealthy farmer, or relative.

Generally speaking, it appears that personal and political contacts are not very important in getting loans from the farmers' association. Loans appear to be made to everyone who applies and qualifies, probably on a first-come first-serve basis. However, there undoubtedly are cases in which loans are secured more quickly for friends, relatives, and political allies.

Because regulations prevent loaning out all of the deposits, credit departments have substantial cash assets. Regulations of the Provincial Farmers' Association require that these assets be deposited in government-managed cooperative banks, where they will earn interest which becomes part of the income of the farmers' association. (The assets are also available to the government for its own investments.) In Taiwan the local farmers' association does not have the flexibility to deposit its funds in a bank owned by a local politician, as in the United States.

3. Agricultural Extension and Education

One of the most important functions of the farmers' associations is communicating to farmers suggestions for improving agricultural techniques and for introducing new crops. Many channels are used for this communication, including newspapers and magazines and television shows arranged by the Provincial Farmers' Association and the Provincial Department of Agriculture and Forestry, and Farm Improvement Stations. The township farmers' association has an extension department, and this plays a critical role in communicating these ideas.

The extension departments arrange small, face-to-face meetings with farmers in their own villages to discuss agricultural improvement. Most villages have such discussion groups; in Pu Yen, 15 out of 22 villages had discussion groups. In 1972, a total of 85,796 people participated in 4,793 discussion groups; they constituted about 14 percent of the regular (farmer) members of farmers' associations. The average group had 18 participants. Table 4.8 shows the topics discussed and participation in these discussions.

TABLE 4.8

Classification of Farm Discussion Group
and Its Members (1972)

<u>Item</u>	<u>Number of Groups</u>	<u>Number of Members</u>
Integrated techniques on crops	2,236	42,042
Rice	123	3,440
Coordination for production & marketing large scale farm	28	395
Farm management	600	4,215
Soybean growing	38	594
Banana growing	8	181
Citrus growing	68	1,586
Pineapple growing	12	138
Mushroom culture	180	4,230
Grape growing	18	488
Vegetable growing	186	4,085
Asparagus growing	122	2,856
Sugar cane growing	820	14,397
Hog raising	203	3,896
Beef raising	10	166
Chicken raising	39	650
Duck raising	5	100
Farm management	38	660
Mechanical Farming	24	516
Other	38	1,161
Total	4,793	85,796

Source: Agricultural Extension Work in Taiwan, Republic of
China, Provincial Farmers' Association, 1973.

In theory, each group is expected to meet once a month, but in practice the meetings are held in accordance with the needs of the farming schedule. In Pu Yen, there are two extension agents to supervise the 20 groups. If the regular schedule were met, it would mean that each agent would meet with a discussion group every second or third day.

The extension agents get their information from the crop improvement farms (kai-liang ch'ang) run directly by the Provincial Department of Agriculture and Forestry. There are seven such experimental farms in Taiwan. The technical material often comes in the form of mimeographed bulletins, but occasionally personnel from the crop improvement farms come to the village level discussion groups. The farmers' association generally do not have their own experimental plots or research facilities.

How important are these discussion groups? If one asks the farmers, the conclusion is that these groups are of limited importance. Farmers proudly state that they learned advanced agricultural techniques through their own experience. If anyone gave them suggestions it was a neighbor or relative. To a large degree, the farmer's claim is true. The Taiwanese farmer is a very good farmer, very quick to see problems and potentials of new techniques, very capable of using his experience and sharing information with his neighbors. However, if one pursues the question further, the farmer will finally admit that the initial introduction of a crop into an area, the first time a new technique was tried, it was by a farmer who got the idea from the farmers' association. That farmer then told his neighbors and relatives about it. Thus the farmers' association plays a critical role in the very earliest stages of introducing new crops or new techniques. The farmers' association extension department works closely with a small group of farmers who are daring and willing to accept the suggestions of the extension department. (If we include one-half of the people who participate in these discussion groups as the innovative farmers, then this group constitutes about 7 percent of the farm families.) The other 93 percent of the farmers do, in fact, learn mostly from their own experience and from their neighbors and relatives.

In certain cases, the ability of the farmers' association to encourage the introduction of new crops is tremendously strengthened by the fact that the farmers' association has control over marketing of the crop. Especially important examples of this are mushrooms and asparagus, where the farmers' association not only instructs farmers how to grow them, but also acts as a purchasing agent at fixed prices. The official price on these crops is far higher than the market price; for example the fixed price for mushrooms is NT 14 or NT 15 per kilogram, depending on quality.¹ The market price fluctuates but can go as low as NT 2 or NT 3 per kilogram. Because of the enormous profitability of these two crops, there is a widespread desire to grow them, and limitations have been placed on plantings to prevent oversupply and flooding of the market. Each farmers' association is given a quota for purchasing by the Provincial Farmers' Association. The extension departments then ration out permission to plant mushrooms and asparagus (or to be more precise, ration out promises to purchase certain amounts of these crops at the fixed prices) to the farmers. Regulations of the Provincial Farmers' Association specify that the extension department must ration out these promises on a first-come first-serve basis. Those who planted mushrooms and asparagus first may

¹While farmers make high profits on these crops, the processors presumably make even bigger profits.

continue; no one else may enter the market. Who grew these crops first? The innovative farmers who had good natural conditions (sandy soil for asparagus) and capital (NT 400 per ping for mushrooms). In many cases these farmers were friends or relatives of the extension agents. In one place, one of the extension agents himself was growing mushrooms. He had allocated himself 1,000 ping of mushrooms as a "sideline" activity. This "sideline" had profits of about NT 240,000 in the first year, about six times his salary as extension agent! The profitability of growing mushrooms and asparagus is so great that there is obvious potential for corruption. In fact in one place the head of extension was under investigation for accepting kick-backs for giving allocations of mushrooms. The enthusiasm of farmers to plant mushrooms and asparagus does not, of course, simply confirm the ability of the farmers' association to give good instruction in agricultural techniques. It demonstrates the willingness of farmers to change agricultural practices very rapidly to take advantage of price changes.

Another way the farmers' association extension department popularizes new techniques is by arranging demonstration plots, which will let farmers see the potential of recommended procedures. These demonstration plots are set up mainly by the crop improvement farms, under the direction of the Provincial Department of Agriculture and Forestry. The demonstrations are conducted on ordinary farm land near a road where it is easily accessible by scientists and other farmers. The farmer who owns the land is given seed, fertilizer, and pesticide by the crop improvement farms. In addition, the crop improvement farms may pay land rent and labor expenses. The farmer manages the field and keeps records of production. Generally speaking perhaps one-half the townships will have such a demonstration plot for each crop. The farmers' association helps by recommending a location to the crop improvement farms for the demonstration and may organize farmers to inspect the demonstration.

Extension work also includes giving technical advice to farmers who ask for it. The extension departments always have open doors for farmers who come in with questions, and some do so when getting their fertilizer or delivering crops. However, most questions are raised in the discussion groups in the villages. For more technical advice a farmer might go directly to the crop improvement farms, which have begun doing soil analysis for farmers so they can prescribe more accurately the proper application for fertilizing vegetables.

The extension departments also have the very important task of distributing improved seeds. The seeds are supplied to the farmers' associations by the crop improvement farms. The farmers' association asks a good farmer to breed more of the seed (at a 15 percent commission). The farmers'

association passes on the improved seeds to the leaders of the small agricultural groups in the villages for distribution to all farmers. Seeds are also distributed at the discussion groups.

Extension agents are well aware of the fact that their extension work has severe limitations. No amount of extension work can popularize agricultural techniques that are basically unprofitable. For example, they have much difficulty popularizing pig raising; this is not due to a lack of interest by farmers, but to the fact that the profit rate of hog raising is very small with feed prices at their present level. Only large-scale pig raising--with at least several dozen head--gives enough profit to be worthwhile, but that requires investment well beyond the capacity of most farmers. Similarly most farmers are aware of the profitability of fruits and vegetables, but there are sound economic reasons for their reluctance to change. In the case of vegetables, the prices are very unstable. A farmer should grow at least six different types of vegetables to be adequately protected against wild market fluctuations in any one or two crops. To grow six types of vegetables requires quite a lot of land and labor supply. It is possible for a large family with many children and much land; otherwise it is not sensible. For fruits, the serious economic problem is that it takes fruit trees three or four years to begin bearing fruit. Most farmers cannot take their rice land out of production for that period of time, as they require food for their families. They can switch to fruits a little bit each year, but this raises problems of how to deal with irrigation, soil management, and crop protection. As for mechanized transplanting and harvesting and use of chemical herbicides to eliminate weeding, in most regions of Taiwan, with labor expenses at their present rate, it is still cheaper to do the work by traditional labor-intensive technology. Most likely the new techniques will spread quickly as industrialization pushes up the price of labor. Thus many extension agents can not honestly, enthusiastically recommend modernization of agriculture for the farmers. They realize that the farmer cannot make a secure profit with the new techniques. Extension agents may suggest improvements in marketing and management, but the potential benefit of these is marginal. For the small farmer, the extension agent is likely to suggest, somewhat realistically, that agriculture offers few opportunities, and that he should increase his income through non-farm employment.

It should be added that some extension work, especially with regard to sugar cultivation, is carried out by the Taiwan Sugar Corporation, a monopoly corporation owned by the central government.

4. Home Economics Education

Extension Departments are required by Provincial Farmers' Association regulations to provide home economics education. All but the smallest farmers' associations have at least one home economist on the staff. In 1971, the farmers' associations employed 262 home economists, who conducted classes in 2,115 villages. Over 42,000 women participated.

In Taiwan the thrust of home economics is teaching women to increase and improve handicraft production. There is ample opportunity for the farm wife to increase family income in this way because many industries in Taiwan still use the "put out" system, whereby women take work home for finishing. For example, a woman will put beads on a pocket book, will attach an umbrella fabric to the frame, or put the tassels on a scarf; all this work is done at home on a piece work basis. Home economists teach women the skills to perform these tasks.

In addition home economics includes instruction on cooking, diet planning, household management, sewing, etc. There may be some discussion about birth control, but the Health Station, run by the Township Office, has primary responsibility in this regard.

Taiwan is undergoing tremendously rapid social change, due to urbanization, industrialization, and contact with other cultures. The structure of families is changing and this is causing substantial personal stress in many cases. It would seem that the home economics work of the farmers' association has tremendous potential in helping people understand the kinds of changes that are happening to their families, and helping them adjust to new circumstances. However, Taiwan's home economists do not appear to have assumed a large role in family relations education yet.

5. Four-H Activities

The American who thinks that 4-H Clubs are uniquely an American institution is in for a surprise in Taiwan. The 4-H Club, complete with its four-leaf clover logo, flourishes in rural Taiwan. Translation of the name into Chinese is difficult, as "H" means nothing, and certainly not head, heart, hand, and health. In Chinese, it comes out "sze chien," the "four healthies." Obviously, the presence in Taiwan of a 4-H movement is a result of American advice in structuring the farmers' associations and American participation in the Joint Commission on Rural Reconstruction. Although a transplant, the 4-H movement has taken deep roots in Taiwan. The Provincial Farmers' Association specifies that farmers' associations over a certain size must employ a 4-H organizer in the extension department. In 1971, the

farmers' associations employed 322 instructors for the 4-H clubs. There were 4-H clubs in 2,510 villages and 49,751 youths participated. (In Pu Yen, 156 participated.)

In Taiwan, the 4-H clubs are supposed to do roughly what they do in the United States, namely prepare rural youth to become good farmers. They sponsor instructional classes, demonstrations and exhibition of advanced agricultural techniques, and have crop and animal judging contests to teach youth how to identify superior produce. They generally do not have their own farms for experimentation.

In addition, 4-H clubs perform certain social functions, and perhaps these are actually more important than their role in agricultural education. The 4-H clubs sponsor picnics and camping expeditions for youth. Because there are very few ways for young people to be with each other in a relaxed social setting, these activities of the 4-H clubs are quite important.

Although in theory the 4-H clubs are expected to help agriculture, I have not seen any empirical studies or surveys which examine what happens to youth who have participated in 4-H activities. When they grow up, do they become farmers? Do they become innovative farmers? I would not be surprised if careful study revealed that many 4-H members move to cities and take part in the industrial sector. Their 4-H activities, perhaps, have given them broader social and geographical horizons. It has given them a chance to experience types of social interactions with members of the opposite sex which are much easier to have in cities than in rural areas. Perhaps the farmers' associations have sensed that 4-H activities are actually helping to drain the rural sector of innovative young people, because 4-H activity is declining.

While it is possible that 4-H clubs are hurting agriculture as much as they are helping it, the situation could be reversed in the future. If I am correct that one of the reasons for migration to cities is lack of opportunity for social interaction (especially with people of the opposite sex), then the 4-H clubs could make a major contribution towards improving the social situation in rural areas, and removing one reason for migration. This would require expansion of their programs, and more emphasis and recreation and social activities.¹

¹It might be noted that the 4-H organization participates in a variety of international exchanges, and thus plays a certain role in trying to get support for the Nationalists' claim to represent all of China.

6. Nursery Schools

Some of the farmers' associations have set up and financially support nursery schools in a few villages. These nursery schools generally operate in the busy agricultural season, when there is a great demand for labor. (In addition there are some nursery schools sponsored by local temples.) In Pu Yen, only one village of 22 had a nursery school sponsored by the farmers' association; there was at least one temple-sponsored nursery school. In Erh Lin, there were six such nursery schools.

Whether or not a farmers' association sponsors nursery schools is entirely discretionary. It depends on local needs (i.e., how serious are seasonal labor shortages) and whether the farmers' association has extra money for such a purpose. However, once a farmers' association decides to sponsor a nursery school, there are certain regulations of the county government that apply regarding qualifications of the instructor salaries, and the manner in which they are financed.

7. Scholarships

Farmers' associations sometimes provide scholarships to help children in the area get post-primary education. This is discretionary, and is done if the directors of the farmers' association want to and if funds are available. In Pu Yen, NT 9,360 was contributed in a year to 105 children for education. Table 4.9 shows how this money was divided. Selection of children to receive the scholarships was done on the basis of school grades. The program was administered by the extension department.

TABLE 4.9

Scholarships in Pu Yen, 1972

<u>Type of School</u>	<u>Number of Students</u>	<u>Amount per Student (NT)</u>	<u>Total Amount (NT)</u>
Lower Middle School	80	60	4,800
Upper Middle School	7	120	840
Special School	10	180	1,800
College	8	240	1,920
TOTAL	105		9,360

8. Livestock Insurance and Protection

Farmers' associations have an important role in encouraging livestock production. Most extension departments include a veterinarian and may provide an inexpensive (NT 30) artificial insemination service for pigs. Moreover, the associations also have an animal insurance department, through which farmers can insure their animals against disease or death. Table 4.10 suggests that the insurance program was not especially popular with regard to hog raising; only about 12 percent of the pigs were insured. (The insurance costs about NT 30, and can pay up to NT 1,000.) However, insurance is quite popular with regard to cattle raising. This is probably so because cattle are much more expensive and represent a greater risk. In addition, cattle raising tends to be done by modern corporations, whereas pig raising is still largely done on a small scale by farmers in a traditional manner.

TABLE 4.10

Livestock Insurance Program, 1971

<u>Type of Animal</u>	<u>Total Number of Animals¹</u>	<u>Number of Animals Insured²</u>	<u>Percent of Animals Insured</u>
pig	3,078,548	360,916	12
cow	4,844	2,332	48

Sources:

1. Taiwan Statistical Data Book, 1972, p. 64, 65.
2. Statistical Yearbook of Activities of Taiwan's Farmers' Associations, 1972 (in Chinese), p. 62.

Regulations of the Provincial Farmers' Association require the township associations be reinsured through the Provincial Farmers' Association insurance program. Insurance contracts cannot be granted to political friends at this level.

In certain places, the Taiwan Sugar Corporation plays a major role in livestock improvement programs. Several years ago, Taiwan Sugar Company began to raise hogs on a very large scale, both to supply fertilizer for sugar cultivation and to assure a supply of meat for the cities. In some places the Taiwan Sugar Company will supply piglets of good

strains (healthy, grow fast, high meat-to-fat ratio) to farmers, often in exchange for deliveries of sugar. Such a program often means that only farmers who grow sugar can get the extra benefits of animal raising.

9. Special Programs

The programs discussed above are carried out in all or most farmers' associations. Generally they are required by regulations of the Provincial Farmers' Association. In addition, there are a variety of special programs in which a farmers' association may be involved. Some of these may be experimental programs organized in cooperation with the central government; others may be entirely local in character. We will discuss some examples of programs which are being carried out.

a. Farm and Home Development Plan

The Farm and Home Development Plan was started in 1969; in 1972 it involved 807 families in 38 townships. In this program small interest-free loans are given to participating households for home improvement (especially toilet and kitchen facilities) and for enlarging subsidiary agricultural production. Improvement for the home and farm are coordinated in this program. The participating farm households are required to keep very careful records of expenditures. Most of the households increased their income. This is an experimental program of the Provincial Farmers' Association, administered locally by the township farmers' associations' extension departments.

b. Low Income Farmers' Approach Program

The Low Income Farmers' Approach Program was begun in 1961 and by 1972 was adopted in 274 townships for 7,142 families. In this program, outstanding farmers in a community are asked to visit low income farmers and help them make plans to increase their income. A majority of the participating families showed some improvement after such counseling. This is also a national program administered by the local farmers' association extension department.

c. Specialized Districts, Cooperative Programs

In December 1972, the central government in Taiwan announced a major nine-point program for accelerating agricultural development. One of the points was the establishment of specialized agricultural production areas, in which the scale of operation would be enlarged through cooperation among farm families, and in which the level of technology would be raised. In the initial plan, 120 areas were selected to become areas specializing in feed crops, certain

fruits and vegetables, livestock, dairy, and fish culture. In addition, some areas were chosen for improving and mechanizing rice cultivation.

An example of such a program is a vegetable-specialized district in Hsi Lo Township. The main technical innovation is the use of net tents covering the fields. These nets reduce damage to crops from heavy rains. Since the nets also prevent insects from getting to the crops, the use of pesticides can be eliminated. (In Taiwan there is some concern about the health implications of ingesting pesticides.) The produce from this area is brought to a central receiving station where it is carefully graded and packed, and collectively trucked to Taipei for marketing, where it is sold at a fixed price. Seventy-six families participate in this project; the total land under nets is 7.6 hectares. The central government subsidized this project with roughly NT 200,000 for the nets and associated irrigation equipment and another NT 400,000 for the vegetable-receiving station. Furthermore, it was subsidizing the transporting of the vegetables to Taipei.

There is a similar project for rice cultivation, in which 82 families with 60 hectares have joined in a mechanized rice growing specialized area. They have collectively purchased (with very substantial assistance from the central government) machinery for plowing, transplanting, and harvesting. The harvest, however, belongs to the individual land owners, who supply fertilizer and management.

In a poor mountainous area near Taipei, the central government is encouraging the establishment of a specialized pig-raising district. According to the government plan, 50 farm families may participate, each of which must own over 2 hectares (to have sufficient fodder). They will get special loans from the government (through the Land Bank) to build modern pig stys, to pipe in water under high pressure (which is essential for cleaning pigs and preventing disease), to provide equipment of processing and storing pig manure, for electricity, and for purchasing piglets. Each family must raise at least 50 pigs, because with the very high cost of animal feed the profit on each pig is low, and a small-scale operation is not viable. The families selected for this project will be along one road, so that the farmers' association veterinarian can easily visit the pig farms.

In all of these programs, funds come from the central government and the plans are very carefully worked out by central authorities. The farmers' associations are expected to administer the projects. Special regional coordinators have been established and county government and county farmers' association are being bypassed. It is not clear how many families will eventually participate in these specialized

district projects. At the moment the number of families benefiting through these programs is very small. If we assume that eventually 400 such districts are established, and that each district involves 100 families, then only about 5 percent of the farm families would be involved.

d. Locally Sponsored Collective Action

One unusual and interesting example of locally generated agricultural development is in Feng Shan City. There the farmers' association is helping a poor village develop an animal husbandry operation. In a village of 68 families, 54 chose to participate. Each participating family invested about NT 50,000, for a total of NT 3 million. The farmers' association loaned them NT 7 million at a nominal rate of interest (0.6% per year). This capital was used to build a fish pond, a large pig sty (with associated high-pressure water supply) capable of raising 1,265 head of pigs, and a dairy barn for 120 head of cattle. This whole operation is collectively owned by the families of the village, almost as stock holders. They elect managers, participate in the management decisions, work in the operations, and receive shares of the profits. This project is unique in all of Taiwan because it is set up in a way to assure that everyone in the village shares in the profits of modern technology. This unusual project was initiated entirely by the general manager of the Feng Shan Farmers' Association, a man of great insight and dynamism. The villagers are very happy with the results, as incomes are rising rapidly; but they did not imagine the plan by themselves.

In addition the Feng Shan Farmers' Association has established agricultural machinery stations to rent out machine services for rice cultivation, including plowing, transplanting, spraying of pesticides, and harvesting. The machine station even supplies the rice seedlings for transplanting. There is much sense in this approach to mechanization, especially in Feng Shan, because the labor expenses are particularly high there due to the expanding industrial economy in the region. However, the prices the farmers' association charges are somewhat below cost, so the project is subsidized. (There is also a certain amount of subsidy from county and province governments.) Because the program is losing money, it probably will not be expanded in its present form.

These types of projects can be carried out in Feng Shan because the farmers' association is extraordinarily wealthy, perhaps the wealthiest in Taiwan, as a result of enormous profits farmers have made in selling their land to industrial concerns. In addition, the general manager of the Feng Shan Farmers' Association is an extraordinary man. He has tremendous insight, imagination, energy, and drive.

Few other localities have the resources and leadership for such projects.

E. Personnel System of Farmers' Associations

A complex set of regulations written by the Provincial Farmers' Association governs the size of the staff of each township farmers' association and its salary structure. The regulations allow a little flexibility for the local association to modify the staff size and salary scale within sharp limits.

The system is based on rating farmers' associations on a twenty-point scale. The rating is determined by a complex formula, which starts out with the profits made by the farmers' association, and then applies many adjustments to take into account ratio of profits to gross income, excessive use of capital assets, bad debts, excessive supervision expenses, inadequate extension services, low rates of animal insurance and other factors.

The rating of a farmers' association fixes three critical factors. First, it fixes the maximum number of staff permitted, from as low as six for the smallest, poorest association to 120 for the largest and most profitable associations. Second, it limits the maximum percentage of total revenue which may be spent on staff expenses. The smallest associations can spend up to 58 percent of revenues for its staff, while the largest may spend only 39 percent. Finally, the rating establishes the value of each "salary point." In the poorest associations, the salary point is worth NT 26, while in the richest it is worth NT 45.

Other regulations of the Provincial Farmers' Association specify the number of points that are associated with each job. For example, the general manager receives 130 points. The secretary gets 120 points. Department heads get about 110; workers who are senior middle school graduates get 90 to 100; those with junior middle school training get 80-90; primary school graduates get 70-80. To compute the monthly salary, the number of points (associated with the job classification) is multiplied times the value of each point (determined by the profitability ranking of the association). Thus in Pu Yen (which ranks fairly low, so each salary point is worth only NT 32) the head of the extension department earns NT 3,250 per month. The head of the extension department in Feng Shan (which ranks at the head of the list) receives NT 4,950.

Within this system there is a little flexibility. First, the general manager (and only the general manager) may be given a bonus, which might be NT 2,000 to NT 4,000 per

month. This is determined by the board of directors of the farmers' association. Secondly, the farmers' association may decide to hire fewer than the maximum staff permitted, and use the money saved to increase fringe benefits to the staff. This practice has been followed in Feng Shan, where 15 salaries have been saved, and the funds used to purchase uniforms for the staff and to provide free lunches. Still, however, the association must observe the limitation on total staff expenditures.

This salary system was very consciously designed to give all staff of the farmers' association a direct incentive to increase the profitability of the association. However, I did not sense that the incentives actually had that much effect. Staff numbers in low ranking associations tend to feel that their low profitability and low salaries are related to an unfortunate natural environment and quite beyond their control. They often felt that the ranking system is unfair, because they are working as diligently as staff members in other areas, but still earn less. These staff members would prefer that employees of farmers' associations were all paid the same, regardless of the profitability of the association. Such equality might make it easier for poor backward areas to attract higher quality staff. These criticisms were receiving careful attention during 1973 by the Provincial Farmers' Association and the Joint Commission on Rural Reconstruction.

Provincial Farmers' Association regulations also specify the qualifications for most jobs in the farmers' association in terms of age and education. The regulations are tremendously detailed and specific; 163 basic job classifications are listed, each with a particular educational requirement, maximum age, and number of salary points. For example, a general manager must be under 60 years old. If he is a graduate of a specialized scientific school or has passed higher level examinations, then he must have had three years of experience in certain types of jobs. If his educational level is lower, then his work experience must be greater. For many other positions in the farmers' association, the age requirement is lower. There is a conscious effort to assure that farmers' association staff do not become superannuated.

To assure that officials and staff of farmers' associations understand the system and all its regulations, the Provincial Farmers' Association operates an in-service training program at a special facility at T'ien Mu, near Taipei. When a person becomes general manager of a farmers' association, he must attend a three-week training program. Every year thereafter, he must attend a one-week program. Extension department heads and extension agents have two weeks of training each year. Accountants for the farmers' associa-

tions also get special training in the financial reporting system. When the township farmers' associations conduct elections, the heads of the general affairs departments come for special training on how to hold the elections.

F. Local Discretion

By now it should be clear that the farmers' associations are very tightly circumscribed by regulations of the Provincial Farmers' Association drafted in consultation with various ministries of the central and provincial governments. One way of indicating the complexity of the regulations is simply to note that the book containing the general laws for the farmers' association is 480 pages. In addition there is a 352-page book covering regulations for the supply and marketing departments. (I presume there are other detailed books on holding elections, extension, and accounting.) Nevertheless, there is a certain range of decisions that are made at the discretion of the local farmers' association, and this makes control over the association a substantial prize.

1. Selection of Staff

One very important decision made locally is selection of staff. These decisions are somewhat limited by regulations regarding qualifications, but still there is much autonomy in this regard. The selection of the general manager is made by the township farmers' association board of directors. (If several people want the job, the local branch of the Nationalist Party may intervene and nominate one of them.) We will discuss this process in more detail later.

The general manager appoints the staff of his farmers' association, with approval of the board of directors required for all department heads. He uses many criteria. The person must, of course, satisfy the legal qualifications of the job. The person should also be competent. In addition, there is a certain tendency to hire people who are political allies, or whose hiring will satisfy some particular political need. Another objective is to have every village in the township represented in the staff. This makes it easier for the farmers' association to reach each village. It is illegal for a general manager to appoint close relatives to staff positions, but this undoubtedly happens sometimes.

There is, of course, wide variation in the application of these different principles. In Hsi Lo where the salaries and fringe benefits of the farmers' association are very high, many people want staff positions. The farmers' association conducted examinations (with tests in the use of the abacus, Chinese language, and Three Peoples' Principles).

Over 71 people took the test for seven positions. Elsewhere, however, it was admitted that staff assignments were made on the basis of letters of recommendation from members of the farmers' association board of directors or supervisors. Recommendations from directors and supervisors in the same clique as the general manager were especially weighty.

In practice, there appears to be very little turnover in the higher staff positions of the farmers' association. It is not unusual to meet heads of extension, accounting, and credit departments who have had the same job in the same farmers' association for 15 or more years. They are expert in the complexities of farmers' association management and their experiences are invaluable to a general manager. However, at the lower levels of the staff there is fairly rapid turnover. Young men often feel that the salaries of clerks are inadequate, and eventually leave for higher paying jobs. Among young women employees, the turnover is most rapid. A farmers' association will generally employ many young women to work as counter girls in the credit department and accountants in other departments. They may number almost half the total staff. Many (but not all) farmers' associations have an unwritten rule that when a woman gets married she must resign her position. (This also involves giving up pension rights.) The result of this is that there are very few women in any supervisory positions (with the exception of the home economists). It also means that there is quite rapid turnover, and frequent opportunity for the general manager to give a job to the daughter of a political ally. There generally is far more patronage in the farmers' association than in the township office.

We should note that the Provincial Farmers' Association has the legal power to dissolve a farmers' association. This has the effect of dismissing the general manager and the entire staff. However, this power is only rarely used, and normally the higher authorities have no control or influence over who are selected as staff members.

2. Helping a Few

Much money can be made by a few people who enter certain highly profitable agricultural markets. The farmers' association, although bound by many regulations, plays a critical role in selecting which individuals will enter these markets. This is most obvious with regard to mushrooms and asparagus, two crops the allocations of which are controlled by the farmers' association, as we have pointed out above. In Pu Yen, 94 families have allocations from the farmers' associations to grow mushrooms. Of these, about a dozen families have half of the total mushroom allotment.¹ Who are

¹These families have between 500 and 2,000 ping of

these dozen families? They are the people who were first willing to grow mushrooms. At the first stages, it was not so obvious that mushrooms were so profitable. A large investment of NT 400 per ping was required for the mushrooms shed, and the farmers' association would lend only NT 150 per ping. Thus there was a substantial investment required. Those who started mushrooms were willing to take such a gamble. Many of them were close friends or relatives of the extension agents, and therefore were willing to trust the agents that the gamble would pay off. As we have noted above, one extension agent allotted himself 1,000 ping.

The situation with regard to asparagus is similar. A total of 90 families share Pu Yen's allotment for asparagus. Apparently (though I lack specific data) the distribution of asparagus allotments is similar, and about a dozen families have extensive holdings. The allotments for growing asparagus also go to people who have grown the crop in the past. It is generally limited to sandy soil, so in Pu Yen township, 80 percent of the asparagus is grown in one village near a river, where the soil is sandy.

In similar fashion, a farmers' association can play a major role in selecting which families or villages will participate in other special agricultural programs, for example the specialized production areas, where farmers will benefit from state subsidies and higher agricultural prices.

Through programs of these sorts, a farmers' association can play a major role in selecting a few dozen families (out of a few thousand) who will be able to participate easily and safely in production of high profit crops. This is a very substantial power.

3. Helping Many

A farmers' association has substantial liberty to form marketing groups for the farmers, and help them transport their produce to markets where the prices are higher. The Pu Yen Farmers' Association, for example, is considering purchasing a truck so it can take locally produced pigs directly to market in Taipei. A farmers' association can also invest in certain types of factories, feed processing factories, for example, to lower the cost of supplies to its members. Whether or not to undertake such activities is a decision made locally, with little input from higher levels.

mushrooms; Pu Yen's total allotment is 14,900 ping. Mushroom growers figure that the profits of 100 ping roughly equal the profits on one hectare of rice. Thus about a dozen families cultivate mushrooms on the scale equivalent to 5 hectares of rice, which would be a large farm in Pu Yen.

4. Helping Everyone

The farmers' association has total autonomy to spend its profits as it chooses. Typical ways the farmers' association spends its profits are for public works, especially contributions for school construction and roads. In addition, some of the profits may go to a scholarship fund, as previously discussed. It should be noted that in 1971, of township level farmers' associations, 31 out of 322 suffered economic losses, so this discussion would be irrelevant for them. During the previous five years, roughly the same number showed losses each year.

5. Work Style

The general atmosphere of a farmers' association is determined by the general manager of the board of directors. During what hours will the farmers' association be open? Will all staff go home for lunch, leaving the offices closed for two hours at mid-day? Or will the staff eat at the farmers' association, so that the offices can be open during the members' lunch hours? Will bare-foot farmers feel comfortable talking with the staff? Or will they be insulted? Will staff be punctual in work or often late? Will they wear uniforms? Will staff members be permitted to have very long fingernails, indicating that they have escaped the distress of manual labor? Will extension agents take off their shoes and go down into the paddy with the farmers to inspect crops? Or will they offer advice from the roadside? Or will they never leave their offices? Do staff of the farmers' association frequent the local "tea shops" or "wine shops" that emphasize prostitution services? Will the farmers' association establish branch offices in locations convenient to the farmers who live far away?

These kinds of questions are determined locally, by the general manager and the board of directors; and there is great variation in how they deal with these questions. All answers to the above questions are possible. Thus farmers have a wide variety of feelings toward the farmers' associations. Some feel that the farmers' association is simply a business that sells them fertilizer, seeds, and pesticides. Others are more hostile, seeing it as a corrupt group that exploits them, collecting taxes and making other charges to fund huge parties at places of prostitution. In other places, however, the farmers' association is considered an organization that serves important needs of the farmers.

There appears to be virtually no supervision of these aspects of work of the farmers' association by higher levels, either through the provincial farmers' association, government, or Nationalist Party.

G. Political Role of Farmers' Associations

Farmers' associations play important roles in both local and provincial politics in Taiwan. We have pointed out above how the farmers' association can strongly affect the lives of roughly one hundred families in a township, including those people on the staff and those who are assisted in entering highly profitable markets. This fact by itself would make the farmers' association important in the political life of a township, but there are other reasons which multiply this factor. The farmers' association is often an important stepping stone for a person in a political career. A person who serves as general manager has an opportunity to establish a reputation for administrative ability, honesty, perceptiveness, and concern for the welfare of the farmers. More important, the farmers' association can provide someone with a political base. It is virtually the only independent organization with direct contact with every village. Farmers' association staff can report on the political climate in each village and can suggest to the general manager favors he can do for people to expand his popularity (such as giving a job to someone's daughter). In short, the farmers' association can become, in the context of an election campaign, a very powerful vote-getting machine. Probably its only rival in terms of grass-roots contacts are temple organizations.

The farmers' association should not be considered functionally an opposition party to the Nationalist Party. Indeed, most farmers' association general managers are nominated by the Party and are members. However, the farmers' associations clearly provide a potentially independent political base, one which can bypass Nationalist Party contacts in the villages. This is probably considered appropriate by many Taiwanese, who consider perpetual rule by mainlanders inappropriate, and who do not want to tighten the Nationalist Party's monopoly of political power.

Although a farmers' association's political muscle is within its own township, this power can be used in establishing relations with other farmers' associations. A farmers' association can throw its weight behind a candidate for county or provincial office and then begin to play a role in higher level politics.

It is not surprising that politically ambitious people are often attracted to work in farmers' associations. Indeed, the Nationalist leadership considers one of the subsidiary functions of the farmers' associations to be training local leadership. Kwoh described this role in 1963:

Although they are organized primarily for social and economic development in rural areas, the farmers' associations offer the best opportunity for training local

leaders in parliamentary procedures and in self-help activities. Local leaders can be best trained when there is a job to be done. It is no surprise to find that five of the present sixteen magistrates, one of the five mayors, eleven of the seventy-four members of the Provincial Assembly, over 40 percent of the township office heads, and 30 percent of the members of the county and city assemblies were former elected officers of the farmers' associations.¹

Laws now prevent political leaders from holding both a governmental representative position and the office of farmers' association general manager concurrently, but the farmers' association remains an important stepping stone in political careers.

Because of the potential political resources of the farmers' association as well as its limited discretionary authority, there is sometimes intense competition between local factions to gain control over the association. The competition is manifested in elections for the farmers' association representative assembly; it is continued when the representative assembly selects a board of directors and when the directors select a general manager. The elections within the farmers' association are similar to elections for public office. Candidates for the representative assembly canvass their friends, relatives, and anyone else who might owe a favor. As in elections for township representative, the election for farmers' association representative involve cash payments to voters. In one village it was reported that representatives often had to pay 30 voters roughly NT 60 to NT 70, with a total outlay of NT 2,000 to NT 3,000.

For the winners, this cash expenditure is quickly recovered. When the representative assembly meets to select a board of directors, the candidates for the board of directors will give cash payments to the representatives, perhaps up to NT 6,000 to each representative who will vote favorably. The representative has already made a profit. The director has invested perhaps NT 20,000 in his election. In wealthy areas it might cost as much as NT 100,000 to get elected to the board of directors.

The successful director has an opportunity to earn back his investment with profit, as the board of directors elects a chairman of the board and the general manager. A chairman of the board may pay a director NT 20,000 or more if his vote is needed, for a total expenditure of up to NT 200,000. The general manager may pay much more, with a total expenditure of NT 1,000,000 possible. If there is

¹Kwoh, op. cit., p. 74.

intense competition between factions the head of the KMT mass service station must help mediate and eventually nominate the general manager.

Although much money changes hands in the course of these elections, and although some people make a substantial profit, it would be quite wrong to consider these elections as simply a business venture. As a business, politics is very risky. Many people lose a lot of money. What makes it attractive is not immediate profit but the status that goes with leadership. In addition there is an opportunity to help friends get jobs and mushrooms, and the chance to develop a political base which can lead to an exciting and lucrative political career in the long run.

It must be stressed, of course, that there is tremendous variation in Taiwan with respect to the level of political involvement of the farmers' association and with respect to the competition for leadership of it. I have no way of estimating what percent of farmers' associations have intense competition and the expensive electioneering described above.

During 1973 the central government in Taiwan was feeling that the high level of political involvement and intense competition of the farmers' association was undesirable for several reasons. There was a fear that too many general managers were concerned only about their own political careers and were not providing effective leadership on behalf of the local farmers. Especially if they used political criteria in hiring staff, the farmers' associations would lack competent and interested staff to provide services to the farmers. Farmers' associations might not be able to develop a vision of agricultural transformation for their locality and might be unwilling to improve services. For example, to assist production, they could stay open later, deliver fertilizer and pick up rice directly in the villages instead of requiring farmers to transport goods from and to a central warehouse. Also under consideration is a national health insurance program which would be administered in rural areas by farmers' associations; but there is concern about the ability of the farmers' associations to assume increased responsibilities.

A second problem with political competition was that if townships are sharply divided and if one faction has complete control over the farmers' association, then members of the other faction would not deposit money in the farmers' association credit department. Deposits would decrease, and the ability of the association to make money would be curtailed. This might result in a reduction of services, especially extension work.

Moreover, the Nationalist government feared that if many farmers considered the farmers' associations to be

corrupt and unresponsive, there might be widespread dissatisfaction. This could conceivably become the base for an opposition political movement to oust the Nationalist government and have either Taiwan independence or integration with the mainland, with some form of local autonomy. The Nationalist Party's claim to leadership is based on the myth that it will soon recover the mainland, but as this myth is being shattered by the realities of the Chinese revolution and international politics, the theoretical basis for the Nationalist government dissolves. This political problem is compounded by the transferring of power from Generalissimo Chiang Kai-shek to his son Chiang Ching-kuo, which has been almost completed. This transfer may, in fact, open the possibilities to new initiatives out of the Nationalists' conundrum. Whatever Chiang Ching-kuo decides to do about the basic political issue facing Taiwan, it is essential to have a satisfied peasantry.

One might push this political argument even farther. The farmers' associations represent perhaps the only potentially independent political organization in rural Taiwan. As Taiwan enters a period of difficult choices with regard to Taiwan independence and negotiations with the mainland, Chiang Ching-kuo may wish to reduce or eliminate all alternative bases of political power, so that when he decides how to move into the future, there will be little organized, effective opposition. (The one thing that is certain is that whatever he decides, many people will have serious objections, which could result in internal violence.)

For these reasons, the central government was considering a plan in 1973 to restructure radically the farmers' associations. Under discussion was a plan in which the central government (through a committee of the JCRR, Provincial Farmers' Association, etc.) would nominate the general managers for the township farmers' associations. The local board of directors would still be elected, and would have the power to reject the person nominated by the central government. In such a case, the central government would nominate someone else. Such a system would permit the central government to make certain that the general managers of farmers' associations were technically competent, had a good vision of rural development, and were not corrupt. Obviously, too, it would greatly strengthen the hand of the central government in local politics, and reduce the farmers' association's position as a potentially independent political base. The change was opposed by bureaucrats in the higher levels of the Provincial Farmers' Association, from JCRR, from National Taiwan University and by the farmers' associations at local levels. They argued that despite some highly popularized exposes of corruption in the farmers' associations, most of them were doing their work quite well. Moreover, the tight regulations under which the farmers' associations operate assure that

most crucial activities are carried out effectively, despite occasional corruption.

Farmers' associations also play a subtle role in provincial politics. They carry the views of peasants into the highest government councils in Taipei. Owing to strict government controls, it would be incorrect to say that the farmers' associations are analogous to interest groups and represent the interest of farmers. Nevertheless, the farmers' associations can convey the views of farmers and the intensity of their feelings on various issues. The fact that the associations are enmeshed in local politics means that they can carry the message with greater clarity. I have not studied how the central and provincial governments make policy; undoubtedly the views of farmers are relevant but by no means compelling. The farmers' association has the important power of warning the central government that it faces loss of legitimacy if it pursues certain policies. Policies which the farmers' association has affected in this manner include the reduction of fertilizer price, the termination of the rice-fertilizer exchange system, the expansion of government assistance for agricultural development, and the land consolidation program.

H. Conclusion

The farmers' associations play several critical roles. Most important, they have distributed seeds and fertilizer in such a manner that everyone has benefited from modern technology. They have also played a crucial role in the earliest stages of introducing new crops. It is unusual in any country that the profits from local banks and food processing are used for extension, for scholarships, and to assure equality of access to modern technology; in this regard Taiwan's farmers' associations are unique. Farmers' associations also play an important role in local politics, providing an organizational base for politicians and helping about one hundred families in a township benefit a great deal from agricultural development or from government service.

It is important, however, not to overrate the role of the farmers' associations. They do not shape the basic patterns of economic development in a region. They do not shape class relations, culture, or education. Nor are they the major source of credit in rural Taiwan.

In most of their activities, the policies of the farmers' associations are strictly regulated by the Provincial Farmers' Association. The manner of making money, the types of services offered, the way in which fertilizer is distributed--all these are subject to rigid regulations.

Although farmers' associations are membership organizations, it is difficult to see how this affects their work. Perhaps in some townships, the political competition affects the work style of the associations. But it does not affect the concrete work done by the associations. Indeed, no staff member of a farmers' association or general manager with whom I discussed the matter felt that being a membership organization in any way affected his work.

In the farmers' association, all members participate, but participation means receiving seeds and having access to education, extension, and fertilizer. Participation does not include ability to shape the policies of the association.

Observers sometimes debate whether Taiwan's farmers' associations are controlled by and for the farmers, and represent the political strength of farmers; or whether they are controlled by the government and used to organize the farmers and prevent spontaneous, independent peasant organization. My judgment is that the latter view is more correct.¹

¹Two anthropologists agree: "Despite their name [the farmers' associations] are in effect much more agencies assisting the penetration of state power into the countryside on the basis of township organization than vehicles of village-level mobilization or participation." Sung-hsing Wang and Raymond Apthorpe, Rice Farming in Taiwan, Three Village Studies (Taipei: Academia Sinica, 1974), p. 11.

Chapter 5

IRRIGATION ASSOCIATIONS

Irrigation Associations in Taiwan have the crucial responsibility of getting water to the farmers' fields in the right amounts at the right times. Virtually all of Taiwan's paddy rice areas are irrigated with complex water distribution systems which carefully regulate over time and space the uneven supply of rain water. Irrigation associations are organized similarly to farmers' associations; they are in principle membership organizations, controlled democratically by their members; but in reality all important policy decisions are made by the central government, and they follow closely regulations and guidelines issued by the government.

A. Organization

There are 24 irrigation associations in Taiwan, varying in size according to the size of various irrigation systems. The largest covers 150,000 hectares in four counties. The smallest covers by 754 hectares, in a few villages. Several irrigation associations are roughly coterminous with counties, and some include several counties. Everyone who might receive water from the association--and that essentially means all farmers except a few in mountain areas--are required to join. In a fashion similar to the farmers' association, the members elect representatives, and the representatives elect a chairman for the association. The Nationalist Party frequently intervenes and makes a nomination for the chairman. The chairman then appoints a staff. The staff of an irrigation association is very substantial. For example, the Chang Hua Irrigation Association, a moderately large one, has a full-time staff of 381 full-time professionals and an additional 34 construction workers. It has 33 branch offices to collect fees; these are staffed by over 200 people. The headquarters is a large, three-story building, with large and small offices, map rooms, and meeting rooms. Over 100 people work at headquarters, including over 40 college graduate technicians. It has a total annual budget of roughly NT 130 million (US \$3.5 million). About one-half of its income comes from fees from the members; the rest comes in grants and loans from the government.

The irrigation associations function under regulations issued by the central government, which specify internal organization, rights and obligations of members, staffing procedures, patterns of supervision, and financial management.

B. Obligations of Members

Members have three important obligations to the irrigation association. The first is paying fees for water use. The fees are determined by the kind of water service a piece of land receives. Land which gets assured, unlimited water has higher fees; land which uses little water has lower fees. However, even if the land uses no water from the irrigation system but relies entirely on underground water pumped up with private pumps, the owner still has to pay something. The fees are based on the area and rating of land as recorded at the county land office which makes its records available to the irrigation association. The fees may range from NT 100 to NT 500 per hectare per crop. In a survey conducted in 1967, it was found that irrigation fees constituted on the average 4.1 percent of the total expenses involved in growing rice.¹ This fee is not voluntary; people who fail to pay can be taken to court.

A second obligation of members of the irrigation association is to do routine maintenance work on canals and keep them clean and waterproof. To do this work the members form small work teams. These are often roughly coterminous with the natural villages.

The third obligation is to obey a whole variety of regulations concerning water use. Stealing of water, blocking canals, digging wells near canals, or any number of other activities which would affect the supply of water are prohibited.²

C. Activities of the Irrigation Associations

The irrigation association has the responsibility for distributing water under its control. It does this by controlling various gates, sluices, etc., which regulate the height of water in various irrigation canals. According to what principles is water allocated, especially if it is not in adequate supply? What discretion does the chairman and representatives of the irrigation association have? In a manner analogous to the farmers' associations, the irrigation associations are subject to strict regulation of the national government when it comes to distributing water. The basic system is controlled by the Water Law of the Republic of

¹"Taiwan Farm Income Survey of 1967," JCRR Economic Digest Series No. 20, p. 63, 69.

²Canute Vandermeer, "Water Thievery in a Rice Irrigation System in Taiwan," Annals of the Association of American Geographers Vol. 61, No. 1 (March 1971), p. 156-79.

China, passed in 1942 and amended in 1963. The law states that priority in water rights is determined by the order in which land was originally registered. In Chang Hua county, some land was registered by the first settlers from Fukien in the 1700's. They took the best land, near the mountains with good water resources. As more and more people settled in Taiwan, they moved closer to the ocean and farther from the water source in the mountains. Land in some areas (in Erh Lin, for example) was not registered until the early and mid-1900's. Thus it is that areas close to the mountains are always given enough water, and areas near the ocean (such as Erh Lin) frequently have water shortages. Farmers in Erh Lin often dig wells to tap underground water, but the irrigation association has not been willing to dig large wells in the region, ostensibly for fear that they would lower the water table too much.

In certain regions where there is a shortage of water, various patterns of rotational irrigation have been implemented. In some regions, there is a three-year rotation system, under which farm land is divided into small areas of about 150 hectares. This area is in turn divided in thirds; each third may be planted to rice, sugar cane, or some other crop in rotation. In some localities, this system was adopted during the time of the Japanese occupation.

Another pattern of rotational irrigation permits the planting of rice on all land, but strictly rotates water to all fields. Under this system, the supply of water to the fields is reduced below previous practices, but it is still sufficient to grow rice.¹ Needless to say, people with full water rights were reluctant to experiment with less water than they had previously used. The process by which irrigation associations adopted this practice is not clear, but the changes were planned basically by the central and provincial governments, including the Provincial Department of Agriculture and Forestry, the Provincial Food Bureau, the Provincial Water Conservancy Bureau, and the Provincial Agricultural Research Institute. In some places the commencement of rotational irrigation required arresting a few people who tried to obstruct the program.²

Another responsibility of the irrigation association is constructing improved dams, water regulating devices, canals, bridges, etc. In Chang Hua, for example, in 1972, 63 percent of the budget went to maintenance of the water-

¹Irrigation and Engineering Division, JCRR, Rotational Irrigation Development in Taiwan (JCRR, 1968).

²Private communication from Gilbert Levine, Cornell University.

works and construction of new projects. I do not know the relationship between the irrigation associations and the central and provincial governments with respect to planning of individual construction projects, but I would suspect that the central government has a very strong, if not dominant voice in the selection of projects. The central and provincial governments supply 50 percent of the cost of new projects, and often loan the rest of the funds.

D. Local Discretion

If the principles of water allocation and the plans for new construction projects are basically dominated by the national government, what kinds of decisions can the local irrigation association make? First, the irrigation association is not totally powerless in its relationship with higher levels of government. If there is strong opposition to adoption of rotational irrigation or to construction (and fund raising) for a large project, the local irrigation association can delay for a long time adoption of the program. Perhaps the delay will be indefinite, or until higher levels suggest an alternative.

Secondly, the irrigation association has a certain degree of discretion concerning how rigidly it enforces water policy. For example, there are some areas which are supposed to have a three-year rotational system, but in reality, the system is not followed and all farmers grow rice, instead of only one-third.¹

Another aspect of discretion involves patronage. The chairman of the irrigation association has broad discretion in hiring staff. Also there is a certain element of discretion in selecting construction companies to perform the major construction tasks. In theory, there is a system of bidding for the contracts, and the chairman is supposed to select the lowest bid. However, some people in Taiwan suspect that there is some corruption with regard to letting of contracts. The result of the system is that local political factors and corruption can influence who gets jobs and construction contracts. They might influence slightly the cost of water fees, but they will not influence who gets water. The central government is presently considering changing the legal structure of the irrigation association so that the chairman

¹Burton Pasternak, "The Sociology of Irrigation, Two Taiwanese Villages," in W. E. Willmott, Economic Organization in Chinese Society (Stanford: Stanford University Press, 1972), p. 201.

will be appointed by the central government.¹

The irrigation association should, then, be considered an organizational device to assure that farmers will pay all the management costs and some of the construction costs for supplying irrigation water. It provides an organized way of settling most disputes and enforcing discipline over water distribution.² It also assures that farmers participate in routine maintenance of local canals. It is not a way in which farmers make basic decisions about the pattern of agricultural development in their region, but it does provide a channel for farmers to convey their views about water policy to the government.

¹This plan is clearly similar to the changes that were suggested for the farmers' associations. Undoubtedly the same technical and political forces and argument are at work. I do not know if this plan has been adopted.

²Of course not all disputes are avoided. Gallin reports how a dispute over water led to conflict between two villages, which eventually went to court. Gallin, Hsin Hsing, p. 181-87.

Chapter 6

VILLAGE LEVEL ORGANIZATION

Up to this point we have discussed primarily rural organization at the township level, with special emphasis on the township office and the farmers' association. The township includes perhaps 20 to 30 villages (each with a natural settlement, part of one, or several), and we have touched upon organizations in the villages only marginally, and in so far as they relate to township organizations. This emphasis has been deliberate, and reflects my judgment concerning what the important organizations are. It is useful, however, to adopt briefly the perspective of the village, and summarize the organizational patterns from that level.

Village Leader

Each village has a leader (ts'un chang or li chang). Technically, he is elected for a fixed term. Sometimes the elections are wide open and competitive; other times he is selected through discussions and common consent with the village. The major task of the village head is to help mediate disputes within a village, for example, matrimonial or family disputes, employer-employee disputes, or arguments over land and water use. (If he cannot mediate a dispute, other respected people in the village may or the head of the township KMT service station will try to resolve it. Very few disputes go to civil court.) A village leader should be mature and impartial, should have the respect of most people in the village, so that his judgments will be accepted. (In some cases, he is a "front man" for someone else who is highly respected in the village.) Another function of the village head is to represent the village for ceremonial occasions, for example, at the opening of a school or bridge. The village leader will also convey the interests of a village to the township office for consideration in planning various activities, including land consolidation, community development, etc. The village leader receives no emoluments for his labors. He has no budget from any source. He has no office for conducting business. He goes about his farming work as he always has done, and when people have problems they come to him, either in the fields or to his home at lunch time or after dinner.

Village Clerk

While the village leader deals primarily with disputes within the village, the village clerk (ts'un kan shih or li kan shih) serves as a link between the village and township office, and makes sure that basic administration

reaches the village. The clerk is an employee of the township office, its Civil Affairs Department, and on a regular payroll, receiving a monthly salary of perhaps NT 3,000. As other employees of the township office, he is appointed by the township executive (and of course his department head). The village clerk need not be a resident of the village. He has an office in the village (usually without a telephone), and is expected to be in the office during most business hours. The village clerk helps villagers figure how much taxes to pay, and when and where to pay them. He makes sure that all young men register for compulsory military service. He also gathers statistics for the government (such as census and crop reports). He helps organize elections in the village at appropriate times. He conveys information about government policy and activities to the villagers. To perform this task of linking the village to the township, the clerk may travel to the township office several times a week.

I did not get the impression that this job is especially important or demanding now. Most villagers understand their obligations to pay taxes and serve in the army, largely through formal education and acclimatization to the Nationalist government. Some village clerks are able to spend most of their time taking care of grocery stores or the like. In such a case, his salary from the township office seems unnecessary. Although the village clerk's function is not very important now, it probably was a crucial role in the early 1950's when the Nationalist government was consolidating political power. His importance could reemerge in the context of increased political conflict in Taiwan.

Agricultural Small Group Leader

The village has a particular organization to relate to the farmers' association, namely the agricultural small group (nung-shih hsiao-tsu) composed of all members of the farmers' association in the village. These groups typically have 150 to 250 members and elect a leader (nung-shih hsiao-tsu chang) every four years. This agricultural small group leader is a crucial link between the farmers in the village and the farmers' association. The leader is a local farmer who continues working in the fields. He receives no salary for this service and has no office. He may hang a sign and a bulletin board in front of his home.

The main task of the small group leader is to pass information from the farmers' association to the farmers. For example, he will convey information about instruction classes that the extension department is planning to offer or opportunities to get mushroom or asparagus allotments. He will explain the fertilizer allocation program and explain why there is a fertilizer shortage. He may tell farmers that the farmers' association has a new variety of seed, which can

be procured at the extension department. He may keep farmers informed of farm prices at different markets.

The small group leader gets this information from the farmers' association in the form of mimeographed documents (perhaps six a month) and from visiting the farmers' association to get information and clarify questions, perhaps twice a week. He conveys this information to the farmers in the village by posting notices on a bulletin board, by using a loudspeaker, and by calling meetings when warranted. Much information is spread by the informal "grapevine."

Irrigation Small Group Leader

The farmers using a particular irrigation system will form an irrigation small group. The size of this group will vary according to the ecological factors, but may typically include 100 families with 100 to 150 hectares. It may or may not be coterminous with the village. The irrigation small group elects a chairman, who is a local farmer. The group may be subdivided (if required by the ecological circumstances) into teams of 15 to 20 farmers, who operate a total of about 10 contiguous hectares. The irrigation small group chairman communicates to the farmers news from the irrigation association concerning timing and availability of water for irrigation. He also mobilizes the farmers to contribute their share of labor for routine canal and ditch maintenance.

The irrigation small group has nothing to do with collection of fees for water; that is handled by the irrigation association's local work offices. Nor does the irrigation small group make any decisions concerning allocation of water within its jurisdiction. That is handled by local custom, which is that fields higher on the ditch have priority.¹ A farmer lower on the ditch must wait until the farmers higher up are satisfied that they have received enough water. Then the lower farmer may block the water supply from the higher farmer, open the ditch to his own fields, and block water from fields lower than his own. When there is water shortage, so that the water is insufficient for farmers at the lower ends of the ditch, thievery and violence may occur. The irrigation small group does not make allocations in such a situation, but the chairman will communicate to the irrigation association the seriousness of the shortage. Then the irrigation association will make a definitive allocation, perhaps requiring rotational irrigation under a rigid time schedule so that the fields lower down will not have crop failures.

¹Canute Vandermeer, "Changing Water Control in a Taiwanese Ricefield Irrigation," Annals of the Association of American Geographers, Vol. 58, No. 4 (December 1968), p. 720-747.

The common thread running through these different village level organizations is that they have no income, no permanent professional staff, and no power to make any allocations. Their purpose is to provide channels for informing the people of various government, farmers' association, and irrigation association decisions and programs. Providing these means of communication is quite important. Information about the availability of new crops, and of new extension programs can be quite valuable.

Naturally, these various organizations and leaders are intimately associated with the village's own social structure and with traditional social associations including clan associations, temple associations, and the like. Willingness to share information and responsibilities with regard to irrigation ditch maintenance is related to a general spirit of cohesiveness as a result of land reform, which sharply reduced the cleavages in the villages between land owners and tenants.

Chapter 7

RURAL MANAGEMENT IN TAIWAN

Rural local governance in Taiwan is integrally related to national policy. We have seen that virtually every decision regarding patterns of development and allocation of resources (with the exception of selection of patronage) is made by the central and provincial government and carried out by the township offices, farmers' associations, and irrigation associations. Throughout this study, we have suggested some of the reasons why administration works in Taiwan and local officials are willing to accept national policy, including the tremendous military monopoly of the Nationalist government in Taiwan and the strong tendency in Chinese culture to accept and obey authority, especially when the political system is united and powerful. We have also pointed out a variety of administrative and financial controls over local authorities, have noted the role of the Nationalist Party in making nominations for local leaders, and have suggested that the police play a role in investigating violations of law. In this section, I would like to suggest four other reasons why rural administration works in Taiwan. These include: (1) the intensity of administration, (2) the multiplicity of channels of communication, (3) the special role of mainlanders in the administration of Taiwan, and (4) the balance that has been achieved between local and central political systems.

A. Intensity of Administration

In rural Taiwan, administration is done on an extraordinarily detailed basis. Fertilizer is allocated precisely to every small plot of land. Taxes and irrigation fees are collected on all land. All the population is registered; census data are complete. Virtually every male does serve in the army, according to the universal conscription law. Postal service goes to every household. Police offices have records of every household. In short, in a variety of ways, the administrative system reaches directly every individual, every house, every square meter of land. The administrative system does not rely on or permit organizations of any sort to play an autonomous intermediary role.

This extraordinary degree of administrative control comes from several factors. Detailed, accurate land records are crucial for tax and water fee collection and for fertilizer allocations. These records, as we have pointed out earlier, were collected by the Japanese colonial administrators starting around 1900. By the time the Nationalist government had control over Taiwan, virtually all the arable

land was under cultivation, so there has been no need for a new cadastral survey. The land offices have the much simpler task of keeping track of land sales and purchases.

Secondly, the Nationalist government has insisted that government and other associations at every level be adequately staffed. Table 7.1 summarizes administrative personnel in Chang Hua County, with a population of about 1 million people. Over 5,700 people are employed full time in administration.

TABLE 7.1

Partial Summary of Full-Time Administrative Personnel
in Chang Hua County, 1972

	<u>Number of Staff</u>
County Level:	
County headquarters	330
County field offices for tax collection and land registration	401
Police	1,121
County Farmers' Association	64
Irrigation Association	425
Misc. inspection and construction	29
Township Level:	
Township offices	1,395
Township Farmers' Associations	1,068
Township Assembly staff	69
Associated with Central Government:	
Post and telecommunications services (estimate)	600
KMT service stations (estimate)	200
TOTAL	5,702

Note:

This table does not include judicial and military personnel of the central government, as well as staff of the provincial grain department, improved farm stations, and other central and provincial offices which may have staff in Chang Hua County. Thus it is a partial listing. I doubt, however, if all these people not included would total more than a couple of hundred (leaving out the army).

There are in addition almost 2,000 people who are mostly farmers who serve voluntarily in some fashion to assist rural administration. These are summarized in Table 7.2.¹

TABLE 7.2

Voluntary, Part-Time Administrators
in Chang Hua County

Village heads (estimate)	535
Farmers' Association directors and supervisors	367
Agricultural Small Group head	535
Irrigation Small Group head (estimated)	535
TOTAL	1,972

These administrators are able to do their work in detail because of the fairly high and rigid educational qualifications which are enforced in Taiwan for getting government (or farmers' association) work. There is no problem of illiteracy in government offices. Intense administration is also facilitated by widespread literacy in rural Taiwan. Virtually everyone under the age of 40 can read.

The central political authorities have assured the ability of rural local institutions to hire staff by giving them strong financial foundations. The township office gets a fixed percentage of various taxes; although these are not enough, they go a long way towards meeting the monthly payroll. Likewise, the farmers' associations are guaranteed a certain income because of their role in tax collection and fertilizer distribution. This is not to say that rural local institutions are rich; they are not, but they can function effectively, and this makes them different from rural local institutions in many parts of the world.

B. Extensive Linkages

One of the distinctive features in the organization of rural governance in Taiwan is that for every function there are generally at least two responsible agencies. In each facet of work, there are organizations to check on the work of each other and to report to higher authorities.

¹We might note that neither of these figures includes service personnel in the county; there are 5,962 primary and middle school teachers and 187 workers in health stations.

There is always an alternative set of reports, so that the higher authorities are not trapped by lack of data.

In the village there are the village head and the village clerk, with slightly different functions, and with different perspectives. With regard to agricultural questions in the village, the agricultural small group head and the irrigation small group head can keep track of each other. All four have certain shared responsibilities and could report difficulties in the village or failure to carry out government policy.

At the township level, there is the township office, the farmers' association, and the KMT service station. Each organization can check the activities of the others, and report problems through its own communication channels. The police, of course, have their own responsibilities for investigation and reporting. At the county level, the division of responsibilities is similar. The education system, with schools in most villages and all townships provides another channel of communication into localities.

While it may be possible in some locations for all these organizations to function as a single cohesive unit, this is probably rare. The normal personal and bureaucratic rivalries ensure that there will always be political cleavages in the local political systems, which will permit a point of entry for state power. It might be noted that the practice of assigning several organizations or people to share and compete for responsibility is a pattern of administration that has been utilized for thousands of years in China to assure that the center can maintain some leverage against local communities.

While giving the state entry into the local political and social system, these organizations also provide a mechanism for communicating desires of farmers to the central state apparatus. Local government and farmers' associations can complain and warn the central authorities that adoption or continuation of certain policies will lead to loss of political legitimacy. While they cannot force the central authorities to change, the power of warning is significant indeed.

C. Special Role of Mainlanders

Taiwan has one political cleavage that has profound significance for rural administration--namely, the cleavage between mainlanders and native Taiwanese. From the time that the Nationalist government took Taiwan back from Japan until 1949 when it moved there, mainlanders took over the top administrative positions in Taiwan. One reason for this was

simply the fact that the Japanese had very deliberately refused to train people for high ranking administrative positions. Another reason was to assure that Taiwan would serve as a base for the nationalist government. In 1949, when the Nationalist government moved to Taiwan, the seizure of power in Taiwan by mainlanders was completed. Many experienced administrators fled to Taiwan and were given new administrative jobs.

What is the situation now, twenty-five years later, in rural Taiwan? Because most mainlanders who came to Taiwan were either urban intellectuals and businessmen or soldiers, very few settled in rural areas and became farmers. In rural administration, however, mainlanders have a crucial, if not a very visible role. They have not tried to assume positions which obviously represent Taiwanese. For example, mainlanders will not be township executives, heads of farmers' associations, or village heads. Mainlanders will, however, commonly be found heading almost all departments that have critical political or financial power. For instance, the head of a branch office for collecting taxes or registering land will probably be a mainlander. The chief of police in a township may very well be a mainlander. The head of security for a farmers' association is often a mainlander. (Actually, he is on the payroll of the provincial grain department, and guards the grainery as well as checks on possible communists.) Many school principals are mainlanders also. At the county government, most department heads will probably be mainlanders.

These mainlanders tend to have certain perspectives which strongly influence their work. First of all, they do not have deep social roots in Taiwan. They are not part of families, clans, factions, etc., that have special relations with other families going back hundreds of years. (Of course they did not have all of these features when they lived in the mainland; but they could not bring their social world to Taiwan, so in Taiwan they are different.) Not only are the mainlanders not part of the social organization of Taiwan; they consider that social organization to be a threat to their power. They feared that local social organizations would maintain independent political power, and prevent the penetration of Taiwanese society by the nationalist government.

Unfettered by local social relations and somewhat fearful of local independent political power, the mainlanders have been willing and able to attack very strongly the traditional centers of social and political strength in Taiwan. This is most obvious in land reform. Mainland administrators, removed from the mainland, were able to carry out a land reform in Taiwan which they never could have done on the mainland.

Mainlanders tend to have another trait which contributes to their strengths as effective administrators. The major legitimation for mainlander control over Taiwan is the argument that the Nationalist government will recover the mainland in the foreseeable future. To convince other governments that it can and should represent all of China and to convince the masses in the mainland that they can offer enlightened, progressive, effective, stable government, the nationalist government has considered its major priority turning Taiwan into a model province, a showcase, a proof that it can be a good government, a vindication of its past failures on the mainland. If it cannot succeed in Taiwan, how can it possibly contemplate ruling the rest of China, with a population 50 times that of Taiwan?

For these reasons there is a certain tendency of mainlanders to encourage the development of Taiwan, to make sure that almost all Taiwanese share to some extent in the benefits of economic development. Mainlanders can shun corruption themselves and ferret it out of the organizations they supervise.¹

While the role of mainlanders has had certain beneficial results in effective administration, it has created many serious problems. Many Taiwanese feel that they have little control over their government because it is ruled by mainlanders. Such resentment naturally can provide the base for a Taiwan independent movement. Moreover, many young, competent Taiwanese feel that they cannot have a successful career in politics, and avoid working for the government. Over a long period of time, this can reduce the caliber of administrators. Finally, as long as the political system relies on the myth of recovering the mainland its legitimacy is fragile and brittle, as no solution can be reached that will perpetuate the current situation indefinitely.

For these reasons the Nationalist government has recently commenced a major campaign to bring Taiwanese into the government at every level, and to end the image of mainlander control over the province of Taiwan. Taiwanese may fear that the policy is for public relations and will not involve a real sharing of power. Mainlanders may feel unhappy about

¹By this I do not mean to argue that mainlanders do not participate in corruption in Taiwan, but simply to state that in general they do not participate in corruption of the farmers' associations and local government, and energetically seek to eliminate such corruption. I do not know the extent of corruption in higher levels of government; in the past there has been extensive corruption regarding the foreign aid programs to the nationalist government, but I do not know if such corruption continues.

giving up their special predominance. However, it is clear to me that Premier Chiang Ching-kuo is serious in this policy, and that after a few years the political and administrative climate in Taiwan will be somewhat different.

D. Political Balance

To be effective, local government must have some participation of local people, especially local social leaders. Otherwise, compliance will become a major problem. To a large degree, rural local government in Taiwan does have participation of social leaders, and this is one reason for its effectiveness. This participation comes, in part, from the balance of power between the center and the localities.

There are two major arenas of politics in Taiwan: the governmental political system and the local social political system.¹ The former involves the policies and programs of the central and provincial governments, and all the state administrative machinery. (We will not try to describe the sub-arenas in the governmental political system, but they include military, economic, and other interests.) The local social political system involves individual leaders and factions at the village and township level who seek primarily prestige and status or "face," according to Jacobs. They also seek power and profits that may result from leadership roles, although they also may lose much money seeking status.²

How do local leaders gain status? Before land reform, status came principally from ownership of land. Land reform, however, changed the manner in which status was defined. Some people found status in making money in industry, transport or construction. However, election to office (either in the township office or the farmers' association) has increasingly become an alternative avenue to status. Of course other factors are also involved in this new manner of defining status. The change is related to the broad social transformation in Taiwan, through which the villages, formerly substantially self-sufficient, are increasingly integrated into the provincial and indeed world cultural and economic system. This process has also been encouraged by the central political system by opening local offices up to the electoral processes.³

¹This analysis (and vocabulary) is suggested by Bruce Jacobs in an unpublished draft of his dissertation.

²Ibid.

³Recognition of local offices as a source of status has come slowly. In the late 1950's, in five of the 22

However, since local leaders are concerned primarily with status and are little concerned with the uses of political power, the central political system can keep close control on the actual policy operations of local offices. Through this careful decentralization of the allocation of status, the central political authorities have been able to get enthusiastic local participation in programs that are basically conceived and organized from the center.

E. Conclusion

Rural local institutions in Taiwan function effectively not simply because of the way they are organized. They must be considered in the context of the entire political system and in terms of their relationships with higher political authorities. In Taiwan, the central political authorities have a strong desire for political stability and economic development, emphasizing industrialization and urbanization. In this vision, the rural sector was expected to provide much capital and labor. In recent years, the vision has changed somewhat, to include increase in rural incomes. The central authorities did not want localities to disrupt this vision, either through permitting local elites to dominate local politics and economic development, or through permitting the rural areas to retain all the benefits of agricultural growth, thus reducing the surplus available for investment in the industrial sector. Rural local institutions, characterized by firm centralization, strict central regulations and guidelines coupled with some flexibility at local levels and a great deal of communication up and down the administration, were necessary for the central political authorities to implement their vision. This also required participation of local people, and this was achieved by permitting the status of local office to be distributed by the local political processes.

While it is impossible to imagine the central authorities carrying out their vision without an effective local

villages of Pu Yen, no one was willing to serve as village head. Bernard Gallin, "Conflict Resolution in Changing Chinese Society: A Taiwanese Study," in Marc Swartz, Victor Turner and Arthur Tuden, eds., Political Anthropology (Chicago: Aldine, 1966), p. 269-70. To some extent, competition for office through elections has led to a new group of people seeking status in this manner. Often they are distinct from the traditional leadership and not highly regarded--until they win office. Bernard Gallin, "Political Factionalism and Its Impact on Chinese Village School Organization in Taiwan," in Marc Swartz, Local Level Politics (Chicago: Aldine, 1968), p. 383-99.

administration, it is equally impossible to imagine the rural local institutions carrying out economic and social development without leadership and support from the center. Without central leadership, rural local institutions would not have carried out land reform, probably would not have assured equality of access to different inputs, would not have encouraged industrialization in the same manner. The rural local institutions in Taiwan have never had the political power to force the central government to encourage agricultural development or to improve rural incomes. At best, it has been able to communicate the desires of farmers and other people in rural areas to the central government; but in the final analysis, the central authorities carried out the policies they wanted to. Since one of the policies has been to assure political stability and modest growth in rural incomes, there has been no fundamental conflict.

Peasant and Bullock by Chuah Theah Teng
From the collection of Dr. and Mrs. Clifton R. Wharton, Jr.