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JCRR -- HOW IT IS ORGANIZED AND OPERATED

By
T. H. SHEN

It is a great pleasure and honor for me to be invited to this dinner and to speak before this distinguished gathering. The subject assigned to me is the Chinese-American Joint Commission on Rural Reconstruction, or JCRR, for short.

As its name implies, the Joint Commission on Rural Reconstruction, which came into being in Nanking on October 1, 1948, following an exchange of notes between the United States and China, is a bi-national organization composed of Chinese and American Commissioners appointed by the Chinese and American Presidents. There were originally five Commissioners, three Chinese and two Americans. In the first years the Chinese Commissioners were the late Dr. Chiang Monlin, Dr. James Y. C. Yen, and myself, and the American Commissioners were Dr. Raymond T. Moyer and Dr. John E. Baker. Subsequently, Dr. Yen, Dr. Baker, and Dr. Moyer resigned one after another and they were succeeded by other equally brilliant agricultural experts, each of whom served for longer or shorter periods. One of the vacancies in the number of American Commissioners, however, was not filled in the seven years from mid-summer of 1957 to mid-summer of 1964. With the passing of Dr. Chiang Monlin in June, 1964, the number of JCRR Commissioners has been officially reduced from five to

1/ Chairman of JCRR

three, two Chinese and one American. My two colleagues are Dr. Herald H. Huffman and Dr. Y. S. Tsiang.

It may be of interest for you to know that though we are organized as a Commission, we do not generally vote. During our Commission meetings, each of us presents his own views. If all of us agree, well and good. If not, we would postpone action and consider the subject again at later meetings until unanimous agreement can be reached. A spirit of close cooperation has characterized JCRR work all through and has contributed greatly to the success of the Joint Commission.

At the very beginning, the Commission decided to be guided by certain basic principles which we have followed down to this day. They are:

- 1) That there must be a felt need for JCRR services and activities on the part of the rural people. In order to do this, we would try to find out what the farmer and the local people want and would extend our assistance only where it is needed. In this way, the assistance provided by JCRR can be most effective and appreciated.

- 2) That there must be a sponsoring agency qualified to utilize effectively the JCRR assistance. The sponsoring agencies are either governmental or private organization. JCRR itself is not an executive agency which actually conducts rural programs. Rather it serves to stimulate interest in rural improvement and to furnish technical and financial aid in carrying out

the projects of other agencies which it considers to be worthwhile. That is why sponsoring agencies are required.

3) That there must be fair distribution of accrued benefits, In selecting projects for implementation, the Joint Commission is guided by the criterion of social justice. Those projects which benefit the greatest possible number of people would be given the highest priority.

4) That there should be a demonstration of feasibility of any particular project or activity before undertaking its broad expansion. For this reason, the individual project approach has been adopted. Though this approach has been open to the charge of being a piecemeal in nature, it has proved to be effective for the solution of problems and the solution of one problem after another has resulted in fundamental improvements in the living conditions of the rural people.

The technical staff of JCRR is organized into divisions, the number of which changes from time to time in response to actual needs. A Land Reform Division was added in the early fifties, but as soon as the major land reform measures had been carried out, this Division was abolished and its work was transferred to the Land Bureau of the Taiwan Provincial Government. This is only one instance of JCRR's aim, which is to set the pace and then let the government take up the responsibility when JCRR has withdrawn its assistance.

At present there are nine technical divisions, which are Plant Industry, Animal Industry, Forestry, Fishery, Rural Health, Rural Economics, Farmers' Service, Rural Credit, and Irrigation and Engineering Divisions. The JCRR organization and staff pattern have provided a very satisfactory arrangement for the application of modern scientific knowledge to the solution of rural problems. Its staff of American and Chinese experts are selected to complement and supplement each other. No American is ever employed if an equally qualified Chinese technician is available. Scores of the Chinese staff members as well as all the Chinese Commissioners have spent years of study in the United States. All Americans who have worked with JCRR are experts in their own field of work. Most of them have had years of experience in China or in other Asian countries. In a spirit of jointness and mutual respect, Americans and Chinese of JCRR work side by side to attain a common objective, that is, to work for the reconstruction of rural Taiwan.

The average number of Americans working with JCRR was from eight to ten in the period from 1954 to 1963. Since then, the number of American technicians has been gradually reduced until only one American Commissioner remains as of now.

In 15 years of U.S. Economic Aid to China from mid-1950 to mid-1965, the Chinese Government received from the United States for purposes of rural reconstruction through JCRR a

grand total of 4,050 million in local currency counterpart funds and 7,106,400 U. S. dollars.

Of the funds funneled through JCRR, the biggest percentage of both local currency and US dollars was spent for water use and control. This was quite natural, because the development of water resources in the form of irrigation canals, dikes, and reservoirs and the work of flood control are long-term projects and more costly than any other rural development projects.

Secondly, two items, water use and control and crop production, accounted between them over one half of the US\$ aid, while over one half of the local currency went into these two and a third item, economic research and agricultural credit.

Thirdly, it is significant that less money from U. S. Aid, less than two thirds of one percentage, was spent on the highly successful and widely acclaimed land reform program than on any other category of JCRR activities. It should also be noted in this connection that no US\$ aid was required either for land reform or for rural electrification and the development of rural communications.

Lastly, it may be mentioned that only a small percentage (4.62% of local currency and 4.29% of US dollars) was spent for the administration of JCRR. This shows that JCRR has been efficiently administered at only reasonable cost and that there has been no waste of the American taxpayer's dollar.

As a result of changes in the general economy of Taiwan, the pattern of U. S. economic assistance funneled through JCRR has undergone fundamental changes in recent years. Previous to FY1961 an overwhelming percentage of the United States NI\$ generated for agricultural aid had been in the form of grants and the rest in the form of loans. Beginning from that year, however, the percentage of grants gradually dropped from almost 70 in FY1961 to 58 in FY1962, to 56 in FY1963, and to just over 50 in FY1964, while that of loans gradually increased in proportion. This means that in the year before the phasing out of U. S. Aid to China, U. S. Aid in local currency was about equally divided between grants and loans.

Another change that has occurred in JCRR policy in recent years has been the gradual shift of emphasis in the types of projects receiving JCRR assistance. Certain types of work such as that of a routine nature, government budget support activities, and projects that have received JCRR assistance for a number of years, have been transferred to appropriate government agencies so that the JCRR program can concentrate on projects of an innovative and developmental nature.

While emphasizing innovative types of work in the future, JCRR will continue to promote the development of the agricultural resources of Taiwan, to boost agricultural production, and to better the farmers' livelihood. Serving as a catalyst, JCRR

will continue to render assistance to governmental agricultural agencies at all levels, farmers' organizations, production and marketing groups, and individual farmers.

As is well known, U. S. economic aid to the Republic of China was formally phased out on June 30, 1965. Just before that, the question was raised as to whether there was any need for the continued existence of JCRR. After a careful appraisal of the past achievements of JCRR and a review of the current state of agricultural development in Taiwan, it was felt by all parties concerned that JCRR would continue to have a vital role to play in the future development of Taiwan, as it had done in the past.

To enable JCRR to carry on as part of the overall program of economic and social development in the next few years following the termination of U. S. Aid on June 30, 1965, an agreement was signed between the Republic of China and the United States at Taipei on April 9, 1965, providing for the creation of a Sino-American Development Fund out of the residual accumulated counterpart funds generated by U. S. Aid over the 15-year period from July 1, 1950 to June 30, 1965.

Initially, the Sino-American Development Fund amounted to about NT\$2,277 million in uncommitted cash plus a larger amount of outstanding loans. It is expected that approximately NT\$16,474 million will be available over a number of years from income to the Fund.

The Sino-American Development Fund is supervised by a Managing Committee composed of high-ranking fiscal and monetary officials of the Republic of China, assisted by a secretariat. It is the duty of the Managing Committee to manage the funds entrusted to its care, through investment, deposit, or in any other way, in a manner consistent with the maintenance of internal financial and monetary stability, with the promotion of social and economic development, and with the preservation of the assets of the Sino-American Development Fund. So long as the Sino-American Development Fund permits, the Managing Committee shall make available no less than NT\$2 billion for economic and social development in each fiscal year. Out of this amount, no less than fifteen per cent shall be allocated for the use of the agricultural sector.

JCRR has been operating with funds provided by the Sino-American Development Fund since July 1, 1965. Under this new arrangement, JCRR objectives will continue to complement those of the government's long-range agricultural development plans. Specifically, these objectives are: (1) boosting food production to meet the needs of a growing population; (2) stepping up and diversifying agricultural exports; and (3) developing the farm products processing industries, and creating more employment opportunities for the rural population, and bettering the farmers' living conditions.

You see from this brief review that, in spite of the phasing out of U. S. Aid to China, JCRR is still functioning as it has done in the past 13 years and that we are continuing to carry on without interruption.