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Appendix A

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THE JOINT COMMISSION ON RURAL RECONSTRUCTION

A Brief Summary

The Sino-American Joint Commission on Rural Reconstruction (JCRR) was established on the mainland of China in 1948, and a year later, along with the Government of the Republic of China, removed to the island of Taiwan where it conducted one of the most remarkable and successful programs of rural development in the history of foreign aid. Due to the importance of the island and the Republic to U.S. national interest, American investment in the program was united with Chinese technical resources in a massive attack on the problems of Taiwan's rural sector. U.S. assistance to the program continued over more than a decade and a half, until the end of 1965, and since then the Joint Commission has continued to function at reduced levels.

The unique binational formula for developmental cooperation which the JCRR represented has virtually no parallel in U.S. foreign assistance, but it illustrates qualities and characteristics which, in selected circumstances, may have a great deal to contribute to the future design of rural development. It was a truly mutual, joint endeavor, operating under the highest auspices of both countries. Significantly, however, it was a semi-autonomous agency managing its own affairs with a minimum of bureaucratic red tape. Its design called for unanimity in decision making by its commissioners from both countries, and the independence and flexibility of its project-funding provided for both a rapid response to local project needs and for innovative and flexible programming.

Its program had a multisectoral range which readily adapted itself to the wide variety of local rural needs and prospects, and the program was transmitted through a whole network of township, county and provincewide entities. Significantly, the focus of its program was the grass roots of local life, and its nourishment of them was direct rather than governmentally circuitous. High social justice goals infused the whole organization with a sense of commitment. The strategy of rural development which it pursued was pragmatic and adaptive, both to the evolving priority needs of the rural sector and to the local conditions of life.

The JCRR was not a project-operating organization by itself; instead, it supported local associations with funds and technical guidance in their own efforts. It was thus an unusual intermediary for the application of rural development aid—an intermediary functioning at two levels, one as a binational instrument, the other as a source of strength and support to purely local development efforts. Its record of success has indeed left an enduring mark on the annals of international development.

Moreover, as a semiautonomous joint agency, the JCRR was able to develop its own procedures and modus operandi with only minimal reference to those of either the Free China central government apparatus or of the U.S. aid mission.

The point is that the JCRR, because of its broad mandate, could not only operate at all levels of Taiwan development as the central focus for rural improvement, but that it could support the work of other agricultural entities and exert a beneficial influence on their programs, and this in terms of its own operational design.

Organizational and Structural Characteristics

Structurally, the JCRR represented a distinctive and unique rural assistance organization. Its organizational character enabled it to bypass or transcend a number of the many blockages that seem to adhere in the normal counterpart arrangement. These structural characteristics may be briefly identified as follows:

1. A unique binationality. The Commission itself was composed of three Chinese commissioners appointed by the President of the Republic, one of whom served as Chairman, and two American commissioners appointed by the President of the United States. Aside from the very high quality of leadership which this procedure assured, the presidential appointive power also guaranteed the status, prestige and independence to the organization which its mandate required. The important thing about this arrangement, however, was that the joint commission functioned as a unit. It was an integrated professional entity in which national and political differences and tendencies toward bilateral divisiveness had no part. It was a fusion rather than a "partnership." The commissioners reached their decisions by a rule of unanimity in every case.

2. Jointness. The agreement between the two countries which established the JCRR in 1948 recognized the principle of "jointness" from the outset, and its maintenance through the years insulated the organization from unwarranted pressures from either government. The principle of jointness also avoided the popular criticism of AID programs that Americans were in effect dictating the aid policies of the host country.

3. Semiautonomy. The unique binational character of the organization and the principle of jointness in operations assured semiautonomy in terms of internal organization, funding, procedures and programming.

4. Permanent secretariat and unified staffing. Members of the two nationalities formed a unified staff in which specific roles were interchangeable between the two and depended upon personal qualifications rather than national allegiance. Americans were recruited for staff assignments only when no qualified Chinese technicians were available, and hence the Chinese predominated on the staff.

It should be noted, however, that generally JCRR required local sponsoring agencies to make cash contributions to the project in accordance with their ability to do so, in addition to supplying voluntary local labor on the project. The local agency, moreover, was required to maintain a careful and separate account of the use of JCRR funds, and the account was regularly audited. Hence, the funding system of JCRR provided not only for independence and flexibility but also for accountability as well.

The Development Strategy

The overall aid program to Taiwan, which was terminated in June 1965, followed a sound and successful development strategy. The Joint Commission was, perhaps more nearly than any other single entity, the heart of this strategy: it began with monetary stabilization linked to thorough land reform measures; then concentrated on rapid increase in agricultural productivity; and finally emphasized the building of social and economic infrastructure which, in turn, supported the expansion of industry, largely by private investment.

JCRR's central role in the strategy was distinguished by its flexibility and directness of response to local conditions, its marriage of professionalism with innovation, its ability to maintain developmental over political priorities, its avoidance of bureaucratic entanglements and procedural quicksands, and its uncanny sensitivity to the needs and capacities of the microenvironment.

Operating Principles

The operating principles of the JCRR were essentially pragmatic and non-doctrinaire. They evolved in consonance with the character and institutions of rural Taiwan, and emerged from the structural uniqueness of the organization itself. Basic operating principles were as follows:

1. Unanimity of decision making. The commissioners did not formally vote in making operational decisions or establishing policies, but discussed staff recommendations and findings until a clear direction was indicated.

Its decisions were made by unanimous consent, so that all members felt equally and jointly responsible for all Commission decisions and actions. Quite naturally, this principle gave firmness and solidarity to the implementation of the program.

2. Noncompetitiveness with other agencies. The JCRR existed as an "extra-governmental" entity which complemented rather than competed with the agricultural arms of government. Moreover, JCRR was an enabling rather than a direct project-operating organization.

3. Multilevel and multisectoral range. The work of JCRR could be directly aimed at the grass roots village level of rural life as well as at township, county and province-wide projects. Its activities freely ranged between the various governmental levels and encompassed the private sector as well. With much the same kind of operating freedom, the JCRR was not limited to standard agriculture sectoral concerns, but included health, education, credit, public works and other dimensions of rural well-being.

4. Project reliance on local sponsoring agencies. The JCRR was not an operating agency in the standard sense of the term; its business was to supply technical assistance and financing to projects it deemed valid which were to be carried out and maintained by a wide variety of local and regional entities. More than half of its technical and financial assistance was directed to the lower governmental levels and to other local entities. The sponsoring government agencies include colleges of agriculture, the Provisional Department of Agriculture and Forestry, the Food Bureau, the Water Conservancy Bureau, Health Bureau, county governments, and township offices; the private agencies include farmers' associations, fishermen's associations, farm irrigation associations, the Tea Corporation, and the Pineapple Corporation. The thrust of JCRR programs has always proceeded from local levels upward to higher echelons, rather than vice versa as in so many development programs.

5. A pragmatic project approach. All JCRR program expenditures were authorized on the basis of specific projects; disbursements were made only after precise project agreements were entered into with the local sponsoring agency. In most cases, therefore, the project focus was on the microsetting, with resources applied directly (not circuitously) to the local situation. However, the Commission increasingly selected projects for support in terms of the extent to which they fit into a sequence of a broader development strategy for the rural sector of Taiwan as a whole. Essentially, the JCRR criteria for project selection can be condensed as follows: (a) demonstrated need at the local level, (b) arrangements for satisfactory distribution of accrued benefits from the project,

-27-

(c) the presence of a qualified and effective local sponsoring and implementing agency, (d) project feasibility with the potential of rapid growth and broad expansion, and (e) provisions for frequent JCRR inspections and audit. In general, it was important that JCRR was oriented to patterns of action that would immediately increase output, productivity and income in the rural sector, but it was equally focused on strengthening the local sponsoring organization.

6. Social justice goals. The criterion for "satisfactory distribution of accrued benefits" mentioned above is only one reflection of an undergirding commitment of JCRR to overall goals of social and economic justice for the rural sector. This important component seems to have infused the whole organization from its inception, and its value to the high esprit de corps of the JCRR, can hardly be overestimated. Actually, this characteristic, even though difficult to analyze in detail, was nevertheless the central ingredient of the philosophy undergirding the entire JCRR effort.

7. A unified professional personnel policy. The staffing pattern of JCRR was distinguished for its professional standards. Personnel policies gave full recognition to professional ability and achievement. For its Chinese staff the Commission was able to establish its own pay scales, in-grade promotions, leave and terminal pay provisions. Its salary schedules were designed to attract the most qualified people for the specific job and at levels which made supplemental employment unnecessary, unlike the bureaucracies of many developing countries.

The JCRR sponsored overseas training programs for some hundreds of technical staff members of a wide variety of national, provincial and local agencies, especially in agricultural sciences, as a support to the upgrading of technical capabilities. At the same time it organized an extensive series of in-service training programs. By 1964 these programs had extended to some 55,000 technical and semitechnical workers (including some 22,000 health workers) and about 590,000 farmers.

8. Semi-independent funding. The provision in the original agreement establishing the JCRR for allocating 10 percent of the total of U.S. aid to agriculture and rural development provided a firm baseline and assured the funding continuity of the organization. Control of its funding processes was relatively simple and direct, and considerably more expeditious and responsive to project needs than would have been the case in traditional bureaucratic management.

Phasing of the Development Strategy

The overall development strategy for Taiwan proceeded through essentially three main, although overlapping, phases. The 1946-52 period emphasized economic stabilization and land reform. The following eight-year period, 1953-60, was distinguished for significant increases in agricultural production and further support for and improvement of the Farmers' Associations. The third Four-Year Plan period added to the developmental momentum already set in motion, extended essential infrastructural components to the rural scene, and reached a "point of takeoff" which led inevitably to a well-timed phaseout of American assistance. There was nothing doctrinaire about this strategy; it evolved in terms of judicious assessments of progress and needs.

The first couple of years, 1946-48, were necessarily devoted to essential rehabilitation measures. Hydraulic power plants, fertilizer plants, sugar mills, pineapple canning factories, and tea-processing plants, which had either been bombed by American airplanes or had suffered deterioration during the war, were restored. Irrigation systems and dikes for flood control were gradually repaired. With the transference of the Government of the Republic of China to Taiwan late in 1949, the population of the island suddenly expanded from 6.8 to 7.55 million, not including the 600,000 men in the armed forces. Necessarily, principal emphasis was then given to increasing food production. Economic stabilization measures followed.

A major inhibiting factor to increasing food production, however, was the land tenure status of Taiwan's farmers: only 34 percent were full owner-operators, 23 percent owned part of the land they cultivated and rented the rest, full tenants constituted 36 percent, and 7 percent were farmhands. Unlike strategies followed in many other developing countries, this condition was immediately recognized and confronted, leading to a broad and encompassing land reform program.

Elimination of usurious rental rates encouraged many landlords to sell their land to cultivators, the price of land declined, and many thousands of tenants purchased land in the 1949-53 period. Then lands taken over by the Chinese government from the Japanese government—lands which constituted about 20 percent of all arable land on Taiwan—were distributed to farm families. The final phase of land reform took shape in the Land-to-the-Tiller Act of January 1953, which limited the holdings of nontilling landowners.

The overall effects of the land reform program were dramatic. The return for family labor on the farm increased by about nine percent between

1950 and 1955; rental payments decreased about 13 percent, and in the same period total investment in agriculture doubled, and net farm income increased four times. Total agricultural production increased 21 percent.

A key component of the agricultural development strategy of the JCRR program was the reorganization and expansion of the Farmers' Associations. These provided a direct channel, as well as a means of implementation, between the instrumentalities for development, particularly the JCRR, and the farmers themselves. They were developed as a federated system of multiservice cooperative organizations operating on three levels—one association on the provincial level, 22 associations on the county (hsien) and municipal level, and 317 associations on the township level—and servicing all of Taiwan. The association members of each village in the township organized themselves into a small agricultural unit (SAU). The whole system was reorganized in June 1953 along democratic and representational lines, so that the control of the associations rests directly in the hands of farmers themselves.

Services rendered by the associations, particularly at the township level, included rural credit and savings deposit facilities, sale and marketing of agricultural products, provisions for the improvement of rural health and transportation, promotion of rural industry and food processing, settlement of disputes, sale of farm equipment and many other items, rice milling facilities, warehousing of rice and fertilizers, and aid in crop and livestock improvement. In short, virtually the whole gamut of rural needs was serviced through these agencies, and the principal facilities for doing so were at the township level which was directly reachable by virtually every farm family. These many functions were performed, at considerable savings, in an essentially cooperative format.

By 1964 membership in the associations exceeded 700,000, with no more than one from each family. Officers of the associations were elected by the members without governmental interference.

JCRR projects, implemented in large part through the farmers' associations, aimed at direct and tangible results. They stressed crop improvement and increasing production, provision of warehousing and milling facilities, improvement of irrigation and flood control systems, extension of rural health facilities, etc. Most of the JCRR's work was deliberately of a short-range, rehabilitative, impact character with the focus at the grass roots. Inevitably, as conditions improved, the Commission looked up for longer-range agricultural planning, but it is still primarily remembered for the manifold successes in supporting local services and projects rather than as an instrument of central controls and planning.

After 1960 the momentum of agricultural development on the island was well established, and much of the subsequent effort of the JCRR was directed toward the development of infrastructure which could give permanence to the momentum. Measures for improving water resources, capitalizing on marginal land potentials, and the development of forestry and fishery resources were particularly advanced during this period.

The principal advancements which the JCRR stimulated and influenced may be capsulized by reference to the fact that net income per farm worker increased from an index of 100 in 1951 to an index of 157.33 by 1959, and by the fact that agricultural output, by 1964, had increased 50 percent above relatively high prewar levels. JCRR projects also added considerably to the resource development of the island's rural sector—in the replanting of considerable forest areas, in fisheries development, in the extension of rural electrification, and in the extension of irrigation and management of water resources. Rural industries were also much expanded with JCRR support, the extension of the industrializing sector to the rural areas was a critically important factor in improving the general economic climate.

The main point is, however, that the economic improvements stimulated by JCRR, in combination with other factors, directly improved the life of the individual farm family. That indeed was its focus. Through the supporting efforts of the JCRR to local farm organizations, farmers were taught the use of credit and to increase the capitalization of their small enterprises, and were enabled to enter the larger distributive economic or money scheme of things. In the process, farming techniques were improved with more extensive use of fertilizers, pesticides, and improved farming equipment.

This could not have happened without the conscious localization of the development process in the rural sector. That is, perhaps, the real heart of the JCRR experience, and its most enduring success. The support of the Farmers' Associations (and irrigation and fisheries associations as well as township health stations) created a high degree of what one might call the participative democracy of rural economics. JCRR influence on the reorganization of the associations, in terms of democratization, was fully consonant with its implicit social justice goals.

The same may be said for the JCRR influence on the development of the land reform program and subsequent projects which helped to implement the more equitable distribution of land, the prime resource of the farmer.

Improvements in the economic climate of rural Taiwan triggered many improvements in the rural social scheme of things as well. Through extension services the role of women and youth was considerably broadened.

Local leadership in the rural associations rather rapidly shifted from older to younger age brackets. The rapid extension of rural health centers into the countryside was also an important investment in social overhead, as was the expansion of the school system. In short, one cannot help being impressed with the totality of both the approach and the results, in spite of the programs pragmatism and the limited scope of its specific projects.

Some Lessons to be Learned

The following identification of specific transferable characteristics of the JCRR program should not be allowed to obscure its overall integrity and wholeness. Perhaps the indefinable "glue" that held its component parts together is fully as important as the components themselves.

Moreover, Taiwan represented many atypical characteristics and assets which are seldom concurrently available to developing societies. It was relatively small in compass and socially integrated yet economically diversified and somewhat technically advanced. It had available a cadre of highly trained and experienced professionals. Its rural society had a reasonably effective "grass roots" local government system capable enough to be useful to the development process. Its newly imposed central government was not committed to the preservation of a traditional status quo and landlordism or to corporate exploitation. It was a promising situation, but that should not obscure the fact that the JCRR was ingeniously organized and conducted to make the most of those assets.

Some Transferable Characteristic Assets

1. Highest auspices. The fact that the five Commissioners were appointed by the presidents of the two respective countries gave the JCRR at the outset the dignity, prestige and operating strength which relatively few rural development mechanisms have received. This status was reinforced by the fact that JCRR's origin and mandate was an integral and explicit part of the China Aid Act of the Congress. Without this position of strength, it is doubtful whether the JCRR could have preserved its semi-independence from narrower political influences, so necessary to its free-ranging and innovative program, while at the same time working within and progressively influencing the established structures of government and society. By virtue of its auspices, the JCRR became in effect a major bridge between power and people in the rural sector.

2. Commission structure and policy unanimity. The creation of a joint commission for determining and implementing needed developmental change abstracted the mechanism from the many inhibitions present in the traditional bureaucracies. The JCRR, therefore, was able to function

semiautonomously, in both the public and the private sector, and since it developed its own procedures it was able to respond to local needs with both more dispatch and depth than would otherwise have been possible. It is significant, moreover, that the Commission made decisions not by majority vote but by arriving at unanimous agreement. The decision-making process was thus rather a fusion than a balancing of the opinions and convictions of the two nationalities represented, and decisions were made on the basis of professional rather than political points of reference. The Commission therefore spoke with one voice, and nearly always through the person of the chairman who was Chinese, not American. The principle of unanimity undoubtedly added real strength to every decision, which in turn gave added rigor to the work of staff and to field implementation. The unique joint commission formula, with unanimity of decision-making, however, could probably be applied only in situations where (a) a significant cadre of top professionals, highly motivated, is available, and (b) where these professionals can be relatively free of political and governmental constraints.

3. Operational semiautonomy. Given high-level origins and auspices, it is significant that this characteristic (so important to the success of the JCRR) can be projected regardless of the degree of governmental authoritarianism, at least if the host government fully appreciates the need of the program. The semiautonomous device can operate outside of the authoritarian system so long as its goals are consonant with the objectives of the regime. The significance of the semiautonomous nature of the developmental organism must be understood, however, from the start.

4. High-level and breadth of professional capability. The JCRR commissioners, by and large, were notably broad-gauged in their view of the problems to be faced and were at the same time distinguished for the depth and range of their professional background. Policy guidance was thus not limited by narrow specialization. Evidently, also, this broad-gauged view of the developmental process was transmitted to senior and specialized staff, so that specific projects were related to and evaluated in the context of broader developmental objectives. It was clear that the technical specialist was an implementer and not a formulator of policy.

5. Long-range commitment. There seemed to be very little question at any but the late stages, that the JCRR was to be committed to its rehabilitative mandate over an extensive period of time. It was generally not subjected to the funding and staffing uncertainties which so often plague other U.S. instruments of development. The American technical staff was assigned on the basis of normal tours-of-duty (usually two years). The majority Chinese technical staff was committed to longer terms. The continuity thus maintained took on a host national character which had important and useful consequences at the project level. The implications

of the China Aid Act in guaranteeing a financial base for the JCRR program supported this sense of continuity.

6. Independent management of funds. Once allocations had been made in the traditional frame of reference, the JCRR utilized its allocation with its own internal control procedures, without inhibitions from either sponsoring government or the AID mission. There is little question that this arrangement and independence enabled the JCRR to respond to local project needs and opportunities with dispatch and simplicity. There seems to be no reason why independent internal management of project funding in major programs should not be more broadly adopted.

7. Relatively low profile. Although the JCRR was of a uniquely prestigious character, the operations of the Commission were carried out primarily at the grass roots, often through lower-level operatives and with the fullest possible participation by local people themselves. In short, the local project was the center of importance, rather than the central implementing agency.

8. Localization of the development focus. The JCRR essentially bypassed the "filter down" theory and practice of most traditional development programs attached to central government ministries where the transmission belt to the grass roots is generally either weak or nonexistent. The JCRR created a transmission belt which was both direct, unencumbered with bureaucratic or political interlayers, and quickly responsive. It went direct to the grass roots, to the project level. It is true that it had an unusual advantage in doing so because of the existence of a basically effective local organization of the rural sector and an active and participative local government apparatus. The fact remains, nevertheless, the development does not really happen until it happens in the local fabric of society, and as a general rule the more direct the transmission is from aid mechanism to local life, the more immediate and positive results can be anticipated.

9. The pragmatic project approach: range and flexibility. The JCRR program was an encompassing one, and though its focus was on the local project, its overall program view transcended specific sectoral barriers. If its view of local rural development was nondoctrinaire, it nevertheless did not lose sight of the fact that project development must fit into the matrix of the local society as a whole and complex organism. It shifted the emphasis of its efforts as changing needs and conditions warranted, from land reform to food production to the building of local infrastructure to national planning. A very sound development strategy emerged from this flexibility.

10. The noncompetitive factor. The JCRR was essentially an "extra-governmental" entity of high status and auspices which transcended traditional ministerial operations and pressures. Its position with regard to ministerial level concerns was both cooperative and additive, and the factor of intergovernmental competition was simply not of serious concern.

The joint public commission form of organization with its top-level auspices may be particularly effective devices for avoiding the competitive factor. Especially is this true if (a) its mandate for program is multi-sectional, thus transcending departmental limitations; (b) it effectively cooperates with and supports departmental objectives at the project level; (c) its administrative and operational activities are of an independent character and are not located within a specific department; and (d) its program thrust is localized, in the micro-environment which is seldom directly affected by central government operations. It must at all costs, however, avoid giving an impression of "empire building" in the bureaucratic sense of the term and of competing for manpower. Staff should not only be minimal but also of the highest calibre, so that staff status would seem to remove recruitment from political influence.