

# Executing Contracts, Not Landlords

## *Capitalism through Land Reform, 1949–1968*

*The first step in developing agriculture in [Taiwan] was to institute land reform . . . landowners received reasonable compensation for their losses. Resistance to the policy was therefore reduced to a minimum, and land was smoothly transferred into the hands of those who tilled it.*

—LEE TENG-HUI

### INTRODUCTION

In 1965, future Taiwanese president Lee Teng-hui (李登輝, Li Denghui), then an agricultural economist working for the Republic of China's primary agricultural policymaking body, the Joint Commission on Rural Reconstruction (JCRR, 中國農村復興委員會, Zhongguo Nongcun Fuxing Weiyuanhui), began his graduate studies in agricultural economics at Cornell University. Three years later, Lee finished his doctoral dissertation, titled "Intersectoral Capital Flows in the Economic Development of Taiwan, 1895–1960." The dissertation examined resources flowing out of and into the rural and agricultural sector, arguing that these contributed to growth in other sectors of the economy and thus overall development.<sup>1</sup> It won the American Agricultural Economics Association award for outstanding doctoral dissertation.<sup>2</sup> Economists at the time lauded Lee's work for demonstrating how a predominantly agricultural economy could quickly transform into a successful case of industrial development, based on the example of Taiwan. Capital, specifically how the agricultural sector could provide the necessary capital for economic development, was the central guiding theme of both Lee's doctoral research as well as a prevailing question in agricultural economics.

Two decades before Lee began his graduate studies, the Nationalist government seized control of Taiwan at the end of World War II, occupying an island that had served for centuries as an agricultural colony, exporting sugar, camphor, and rice for the Dutch East India Company, then the Qing Empire, and finally the Japanese

Empire. By the end of a half-century of Japanese rule, Taiwan had become a breadbasket for Japanese territories, exporting rice to feed an empire. In 1949, at the end of the Chinese Civil War, the defeat of the Nationalists by the Chinese Communist Party not only led to the exodus of the Nationalist government and over a million refugees to Taiwan but also sparked a political transformation within the Guomindang party-state and in Taiwanese society. Taiwan became a laboratory for a new form of capitalist development, focused on transforming the most ardent symbols of traditional rural society: land and the landlord-peasant relationship. The Nationalist government's land reform program in the 1950s attempted to turn landlords into industrial capitalists, tenant farmers into petty capitalists, and land into financial capital. This all happened in the backdrop of the Guomindang's bitter defeat to Communism and the beginnings of authoritarian settler colonialism on Taiwan.

Lee attributes much of the success in capital formation for Taiwan's miraculous industrial growth in the late 1960s and early 1970s to agricultural development, including land reform. From 1948 to 1953, the authoritarian Guomindang regime on Taiwan carried out land reform in three stages: setting a ceiling on land rent, selling public lands to private owners, and forcing sales of land from large landowners to tenant farmers, better known as "land-to-the-tiller"

This series of land reforms was historically significant. Economists attributed land reform to not only freeing up capital and labor but also encouraging new smallholders to invest in their lands with fertilizer usage and capital investments, which previously they were disincentivized from doing as tenants.<sup>3</sup> This narrative of land reform has become orthodoxy, reinforced by economists and enshrined in the popular imagination, perhaps best exemplified by Joe Studwell in *How Asia Works*.<sup>4</sup> Yet Studwell and the orthodox narrative of land reform offer an uncritical and incomplete narrative. Studwell ignores land reform's disciplining of Taiwan's rural society backed by martial law and overemphasizes the gains from land ownership over the gains from factors, thus mistaking correlation for causation. A recent quantitative study by Oliver Kim and Jen-Kuan Wang has shown that postwar agricultural productivity in Taiwan was the result of factors aside from giving farmers ownership of the land they tilled, such as chemical inputs.<sup>5</sup> Yet Lee and others in the GMD valorized land reform because of the political value it provided for the tenuous, new settler-colonial power GMD on Taiwan—securing the regime's legitimacy.

A major work espousing the miracle narrative of land reform was published in 1961, when Chen Cheng (陳誠) authored the English-language *Land Reform in Taiwan*.<sup>6</sup> Chen served as governor of Taiwan's provincial government under the Guomindang regime on Taiwan and later was promoted to premier of the Republic of China in 1950 and finally vice president in 1954. Chen had risen through the ranks primarily as a military official, a graduate of the prestigious Baoding (保定)

and Whampoa (黃埔, Huangpu) academies and a longtime general under Chiang Kai-shek serving through the Northern Expedition, the Civil War with the Chinese Communist Party, and the Second Sino-Japanese War.<sup>7</sup> Chen Cheng's tenure in Taiwan was defined by overseeing this three-stage land reform program. In the book, Chen focused on land reform's twofold importance: for the social welfare of the rural farmers and for overall economic growth. By the second paragraph of the book, Chen characterized the "vicious cycle" of two thousand years of Chinese history as essentially a Malthusian problem: "Whenever population increased to a point where land was insufficient, violent uprisings broke out and civil wars ensued. But with resulting reduction of population and restoration of the land-population equilibrium, another period of social and political stability would begin." Thomas Robert Malthus, the classical economist who focused on the relationship between population and land, became influential throughout the history of development. Malthusian theories pushed economists and policymakers to fear that population would outstrip food supply over time, leading to inevitable poverty and famine. In addition to discussing land-population equilibrium, Chen argued that "in a country where the economy is predominantly agricultural, capital investment in land and the exploitation of human labor constitute great impediments to such development. We must begin by setting capital and labour free through land reform."<sup>8</sup> *Land Reform in Taiwan* was replete with economic examples that showcase the technocratic principles behind land reform on Taiwan. Land reform, however, was not just an economic issue.

Land reform became a political symbol for the GMD. As historian Brian DeMare and political scientist Julia Strauss have argued, land reform was a primary means through which both the PRC and ROC states performed their regime values to the masses, sometimes backed by violence.<sup>9</sup> In GMD-produced propaganda and state-imposed discourse, land reform represented both the social welfarist principles of GMD political ideology and GMD expertise at development. As Lawrence Zi-Qiao Yang has argued, the GMD elite were haunted by their inability to secure rural China against Communist uprising, a failure that animated GMD land reform policies.<sup>10</sup> Yet as this chapter will show, this narrative of land reform was a constructed discourse, designed to further GMD political objectives to portray itself as a modern, technocratic yet welfarist state.<sup>11</sup> And it conveniently omits that GMD land reform dismantled a potential obstacle to GMD rule: the large Taiwanese landowners whose social and economic capital posed a risk to GMD colonial rule.

The Guomindang's land reform espoused in particular an ideology of capitalism, which I define as a system that reorders society and nature toward the ceaseless pursuit of capital expansion and profit maximization. For the GMD, land reform was intended to enact a new system of capitalism in which land could be unlocked to produce ever greater returns through its commodification and transformation into capital. Emerging scholarship from "new histories of capitalism" in the past

several decades have also shifted our gaze toward the social histories of economic lives. Indeed, GMD-enacted land reform did not just seek to commoditize land but also to reengineer rural society by disciplining landlords and peasants and transforming them into capitalists.<sup>12</sup> From new histories of capitalism, we see how capitalism often enabled oppressive state regimes, introducing “technical” concepts like risk, growth, and accounting that in fact reflected growing anxieties over the uncertainty of modern capitalism, entrenched structural racism and institutions such as slavery, and privileged the discourse of (unsustainable) growth and investmentality.<sup>13</sup> GMD land reform was likewise expressed in the technocratic language of standardization, productivity, incentives, contracts, and financial instruments. It also generated social inequalities in its implementation, which GMD state narratives suppressed in favor of a utopian narrative of capitalist modernity and technocracy.<sup>14</sup>

Taiwanese land reform was intended to demonstrate that capitalism was fundamentally a vehicle for social well-being and advancing class interests, not counter to the needs of landless peasant. In this conception, land could be redistributed in a win-win manner, allowing landlords to transition to industrial capital and giving peasants an opportunity to become agricultural capitalists. The state ostensibly won too, because land that was transformed to capital could then be transferred into the industrial sector, where former landlords would become financiers of the future industrialized Taiwan, that would in turn enrich state coffers and strengthen the GMD regime. GMD planners positioned their actions in distinction to land reform across the strait, where Chinese Communists practiced a more violent reform based on class struggle. As Shih-Jung Hsu and Michael Hsin-Huang Hsiao have argued, the GMD’s incitement of fear of violent Communist revolution intimidated landlords in Taiwan and made them more compliant to GMD land reform.<sup>15</sup> In contrast to Communist land reform wherein landlords were publicly executed, the GMD portrayal of its government focused on the execution of carefully state-vetted land and bond contracts that ostensibly benefitted both former tenants (the buyers) and dispossessed landlords (the sellers). In effect, the GMD was both battling Communism and demonstrating the superiority of its capitalist alternative.

Land reform was integral to GMD efforts to reterritorialize Taiwan. Capitalism was a crucial foundation for the developmentalist identity of the GMD on Taiwan, going hand in hand with its modernist vision founded on technology, science, and wealth. Land reform transformed the physical landscape of Taiwan, turning its mishmash of usufructuary land rights and natural topologies that were hitherto relatively illegible to the state into a rational system consisting of valuations and transferrable contracts. This was the realization of the GMD vision for a capitalist system whose growth could be taxed for the military and economic needs of the state. This new landscape may be conceptualized as a “capitalscape,” a spatial reterritorialization occurring in what Jason Moore has termed the “Capitalocene”

to describe the emergence of capitalism as the central system mediating humanity in nature.<sup>16</sup>

#### LAND REFORM AS POLITICAL DISCOURSE

The Guomindang traces its own history on land reform to the early twentieth century through speeches and writings by Sun Yat-sen (孫中山, Sun Zhongshan). Sun, the founding president of the Republic of China, perhaps the most famous Chinese revolutionary after Mao Zedong and the “Father of China,” outlined at various points through his early career the so-called Three Principles of the People (三民主義, Sanmin zhuyi). Historian Marie-Claire Bergère has argued that the Three Principles was more of a malleable political ideology than a rigorous political theory, expediently subservient to the political needs of Sun and later to Chiang and other GMD leaders. One of the Three Principles, Minsheng zhuyi (民生主義), usually translated as the people’s livelihood, articulated a basic idea of land reform. Sun described this as land equalization accomplished through “taxing unearned increments from the sale of urban or suburban land, with a view to slowing down building speculation.”<sup>17</sup> Bergère has astutely raised this was not the land redistribution that would become the predominant understanding of land reform in the 1960s, but rather a moderate form of an economic school of thought that emerged in the United States in the late nineteenth century, Georgism.

Georgism is the economic thought of Henry George, an American economist who argued for the implementation of a single tax on land. George argued that his single tax would help rein in land speculation and land monopolies by powerful business interests and equalize wealth among landless or smallholder farmers. In Sun’s version of land reform via single taxation, landowners were to provide estimates of the value of their land, on which they would be taxed 1 percent by the state, with the understanding that the state would be able to purchase the land at its declared value. This mechanism was designed to allow fair taxation on land values such that underreporting would be disincentivized with the risk of state acquisition. Other Chinese intellectuals in Sun’s circle (and later prominent GMD figures), including Zhu Zhixin (朱之鑫) and Feng Ziyou (馮自由), ardently defended this moderate Georgism from what they perceived as the more radical form of land reform espoused by socialists.<sup>18</sup>

In contrast with Sun Yat-sen’s Georgist influenced views on land reform, Chiang Kai-shek, de facto ruler of China after the Northern Expedition (1926–28) until the Communist takeover in 1949, understood the political expediency of land redistribution. In a speech in 1932, Chiang argued for the importance of land reform as a “fundamental problem of China” in light of the early battles against the entrenched Jiangxi Soviet led by the fledgling Chinese Communist Party and later attempted to rival some of the Jiangxi Soviet reforms by attempting land redistribution in reclaimed Jiangxi territories.<sup>19</sup> However, as biographer Jay Taylor

has argued, land reform during the Republican era under Chiang was markedly conservative. Land reform entailed purchasing of lands as they went on sale and organizing cooperatives that would allow renting land to the landless but not the forced seizure of land from landowners and redistribution to the landless as the Communists had enacted in the Jiangxi Soviets.<sup>20</sup> In Taylor's formulation, this was not merely Chiang and the GMD paying lip service to land reform but rather the desire to moderate their actions so as to not upset existing social order. Other historians, like Stephen Averill, have also posited revisionist accounts of the GMD, arguing that GMD desires for land reform were genuine but that they failed to take hold.<sup>21</sup> In reality, land tenure and ownership during Republican-era China involved multiple layers of local and regional power and politics. In a state as large and disparate as China, the Guomindang lacked strong central authority for forced land seizure and redistribution without risking possible alienation of key supporters, including local elites and capitalists.<sup>22</sup>

There was another school of land reform within the GMD outside of Chiang and Sun, and this was primarily associated with economists Xiao Zheng (蕭錚, Hsiao Tseng) and Chen Guofu (陳果夫). Xiao was a GMD technocrat trained at Peking University and later influential in the Republican-era school of *dizheng* (地政), or land economics. As an early member of the GMD, Xiao held close personal connections with the conservative right of the GMD, especially with the so-called central club clique (中央俱樂部組織, *zhongyang julebu zuzhi*) led by brothers Chen Guofu and Chen Lifu (陳立夫). Though not a prominent figure in the early GMD, Xiao after 1949 became one of the key proponents associated with land reform in Taiwan alongside Chen Cheng. Historian Larissa Pitts has argued that the "land problem" in Republican China was a constructed phenomenon. China's rate of tenancy in 1939 at 19 percent was significantly lower than Mexico's at 79 percent and England's at 85 percent.<sup>23</sup> Pitts also argues that compounding the problem, the GMD Right began to champion land redistribution in spite of its identity and politics as an urban (as opposed to rural), industrial (as opposed to agrarian), and landowner/capitalist (as opposed to landless farmer) supporting entity. What would explain such a contradiction?

Land reform became the means by which competing regimes—whether the GMD, CCP, or any decolonizing regime in the world that turned to technocratic and modernizing development as a means of political legitimacy—could demonstrate their commitment to the downtrodden masses that had suddenly realized their political strength especially in the early Cold War period. Part of the construction of land reform as a political discourse included a mythologizing of Guomindang land reform commitment and ideology. This myth traced land reform to Chiang Kai-shek, Sun Yat-sen and the Three Principles, and in some sources, even as far back in history as the populist and reformist Taiping Rebellion set against the imperial Qing court. When taken in context with the politics, a far more conservative history emerges. The problem of land tenancy rates, for

example, was amplified *ex post facto* for political purposes, to set the ground for a technical solution.

### LAND REFORM IN TAIWAN

In the Taiwanese land reform narrative, the watershed moment arrived in the 1949–53 period when a series of reforms eventually culminated in a land-to-the-tiller policy where the state forced sales of large landholdings to tenant farmers. As part of the peace agreement ending the Second Sino-Japanese War, Japan transferred control of Taiwan to the Republic of China. The GMD governed Taiwan beginning in 1945, rather poorly under governor Chen Yi (陳儀), as a province of the ROC. The February 28 Incident of 1947 and the subsequent bloody quashing of island-wide unrest resulted in an oppressive forty-year period of martial law. In 1949, when the GMD retreated to the island, they in effect established rule as a settler colonial regime.

In 1948, the GMD attempted land reform in several counties on mainland China. Though the GMD lost these areas to the Communist Chinese regime just one year later, historian Wankun Li argues that GMD-led land reform in Sichuan Province achieved success in reducing rent burdens on tenant farmers. Contrary to scholarship that portrays the GMD as resistant to land reform, GMD officials in Sichuan, along with American advisers, saw land reform as important for improving rural livelihood, consolidating state control over rural areas, and strengthening local financial markets.<sup>24</sup> The model pioneered in Sichuan provided guiding principles for the period after the GMD fled to Taiwan. After 1949, the Nationalists faced a different set of political challenges in Taiwan. Unlike on the mainland, where the GMD was dependent on local landed gentry and elites for governing rural areas, Taiwan had operated under a half-century of Japanese imperialism. The Japanese Government-General imposed relatively effective structures of social control, such as farmers' associations with appointed officials that directed rural policies.<sup>25</sup> With the small size of the island, the relative ease through which the island could be administered using existing Japanese imperial structures of state control, and the million soldiers that the GMD relocated to Taiwan to maintain its authoritarian grip, the Guomindang did not derive its political legitimacy in cooperation with the Taiwanese rural landed class. In effect, this freed up the Nationalists to enact land reform without drawing the ire of political constituents.

Some histories have pointed to the agency of American advisers such as land reform expert Wolf Ladejinsky, who advised Japanese land reform with General MacArthur's SCAP (Supreme Command Allied Power) and later land reform projects in South Korea, Taiwan, and Vietnam.<sup>26</sup> Yet as other American-involved land reform projects have demonstrated, the largest obstacle to carrying out meaningful land reform, particularly the difficult seizure and redistribution of



land from landowners, is structural.<sup>27</sup> In the Philippines, Vietnam, and Latin America, state willingness to address structural social issues were often lacking. Historian Al McCoy wrote in 1971 in the left-leaning academic periodical *Bulletin of Concerned Asian Scholars* that American-led land reform in Asia, contrary to publicized successes in Japan, Taiwan, and South Korea, “has been an unqualified failure.” For McCoy, American interest in counter-revolutionary strategy ultimately chose to side with the landowning elites on which they depended for political support rather than the policies and processes of “genuine land reform” that breaks the power of landlords and tackles the “central problems of tenancy.” This critique of “the myth of land reform as panacea” would resonate throughout the discussion of land reform in the Cold War, including in GMD rhetoric.<sup>28</sup> Ultimately, in many states, governments and elite interests were often intertwined and inseparable, or key government policymakers benefitted from relationships with the landowning class, so that there was little state interest in enacting meaningful land reform.

In the Taiwanese context, the GMD officials, backed by martial law and military force, were willing to challenge rural landowners. Oral histories, such as those of American JCRR commissioner Raymond Davis, who had formerly advised the SCAP in Japan, and JCRR commissioner Raymond Moyer (see chapter 1) confirm that the Guomindang and Americans both agreed on land reform, and arm-twisting like in SCAP was unnecessary.<sup>29</sup> However, even with a greater willingness to be at odds with the landowning class, GMD officials nonetheless attempted to co-opt landlords whenever possible. Political scientist Kevin Luo has shown that when Taiwanese landlords resisted GMD efforts to reform farmers’ associations and eliminate the powerful positions that landlords held in them, the GMD did not take coercive measures to force landlords out.<sup>30</sup> As a later section of this chapter will show, transforming landlords into industrial capitalists would prove far more beneficial for the GMD, both in economic and political terms.

Then-governor Chen Cheng served a crucial role in land reform history. According to an oral history of then JCRR secretary Jiang Yanshi (蔣彥士, Y. S. Tsiang), the decision to enact land reform in Taiwan originated from a conversation between JCRR chairman Jiang Menglin, JCRR commissioner Robert Moyer, and Chen Cheng. The content of this conversation was simple, according to Jiang Yanshi: Were they willing to undertake land reform? According to Jiang, Chen’s answer was, “I want to do it. [I] must do it” (我要做, 必須要做).<sup>31</sup> Jiang Yanshi later became secretary-general of the GMD and an important political figure in the party, which might call into question the veracity of this account.<sup>32</sup> Even if apocryphal, the story still asserts Chen’s centrality in land reform, which is supported by much of the historiography. Chen was the key figure associated with the enforcement and innovation in land reform in the 1950s that became heavily mythologized in his own book and by the GMD in the 1960s and 70s as a success narrative. Chen’s *Land Reform in Taiwan* became the standard narrative



that shaped understandings by both Taiwanese and developing world audiences of what Taiwanese land reform was.

*Land Reform in Taiwan* is a product of both the Cold War and the desire of the ROC regime to portray its system as superior to the Communist system across the strait. Its final chapter makes this quite clear; it is titled “Comparison of Taiwan Land Reform with the Communist ‘Land Reform,’” the use of ironic quotation marks being original. Yet a closer reading of the text reveals that the capitalist system Chen was marketing in 1961 was unique for its time, wielding not only a welfare agenda but also financial concepts, economic graphs and charts, legalistic language, and replete with the imagery and language of sociotechnical modernity.

#### FROM LANDSCAPE TO CAPITALSCAPE: RATIONALIZATION AND LEGIBILITY

As governor in 1949, Chen helped oversee the island-wide implementation of 375 Rent Reduction (三七五減租, Sanqiwu Jianzu). Originally promulgated as a law in 1930 in the mainland, it set a ceiling of 37.5 percent of annual crop yield as the maximum rent for land tenants. This was the first of three stages of land reforms enacted from 1949 to 1953. Chen, who for a short time served as governor of Hubei on the mainland prior to 1949, later argued in *Land Reform on Taiwan* that he and the GMD government had always wanted to implement the 375 Rent Reduction throughout the mainland and did so first in Guangdong, Hunan, Hubei, and Zhejiang.<sup>33</sup> The inability to successfully maintain the rent ceiling across China, he argued, was the fault of “a variety of obstacles,” which, he hinted, was the outbreak of war with Japan. He further asserted that by 1940, all of Hubei was theoretically operating under the rent ceiling. For the brief period after the JCRR was established in 1948 and before it evacuated to Taiwan, the JCRR was able to successfully place limits on land rent in several counties in Sichuan.<sup>34</sup>

On Taiwan, as sociologists have examined, land rent was fairly onerous prior to 1949. According to statistics from Japanese colonial surveys analyzed by sociologist Chih-Ming Ka, in 1937, average rent as a percentage of annual income island-wide was 52.43 percent for prime agricultural land and 45.29 percent for lower-grade land.<sup>35</sup> Rent prices were not held in check by contracts and could increase by the landlord’s decree on a year-to-year basis, which could create uncertainty and lead to even more difficult conditions, though Ka cites historical surveys from 1924 and 1927 that demonstrate that rent prices generally did not deviate more than a few percentage points from these numbers.<sup>36</sup>

In September 1949, as a special adviser to the JCRR, Wolf Ladejinsky confirmed the tenancy problem with a firsthand report. Tenancy rates were too high, land too sparse, rent too onerous, and as a result, the Taiwanese farmer suffered. “Tenancy as an agrarian institution is not an evil, but it becomes one when tenancy conditions are heavily weighted in favor of landlord against tenant. Taiwan is a case in

point,” Ladejinsky wrote in a memorandum to JCRR chairman Jiang Menglin. Ladejinsky condemned the exploitation of the farmer in Taiwan in no uncertain terms. In Taiwan, he perceived the potential for another Communist uprising. “One does not have to be a believer in the theory that a man’s economic position determines his social and political status, but this is certainly true in tradition-bound rural Taiwan.” The result of this, Ladejinsky argued, is a permanent social divide (though Ladejinsky is clear to avoid “class” as a descriptor): “The attitude of the officials of every level toward the various types of farmers is also symptomatic of the fact that as long as the tenant continues to remain in the lowly economic position, the social barriers within the community will persist.” Unchecked, it would become a “fertile ground for political extremism and civil dissension.”<sup>37</sup>

Decades prior, Japanese colonial officials had enacted a massive, island-wide land tenure reform project under the direction of Gotō Shinpei, minister of civil affairs. Japanese interests align with what James Scott would have considered making Taiwan “legible,” namely, clarifying land ownership through cadastral surveys and issuing land deeds.<sup>38</sup> Whereas under Qing administration, land rights were divided and subdivided into multiple layers (usufruct and subsoil rights) involving different types of ownership and tenancy, the Japanese land survey simplified ownership with newly issued deeds. The legibility of space was important for Japanese colonial considerations for the purposes of collecting tax revenue, an argument mirrored by Chih-Ming Ka. Historian Paul Barclay takes this analysis further, arguing that Japanese land surveys, taxation, and deeding embodied a form of governmental rationality, borrowing from Max Weber’s conception of rationality: “Weber’s foregrounding of capitalism’s continuously renewed commitment to positive balances captures the spirit of capitalism as an ethos but also isolates a distinctive feature of statecraft in the post dynastic era.”<sup>39</sup> Barclay points to the Japanese desire for the island of Taiwan to be economically self-sufficient, evidenced by the black-ink balances in regular government budgets as well as the emergence of budget projections that depended on predictable, quantified revenues from land.

This capitalist drive to rationalize, quantify, and project applied to GMD policies too. The 375 Rent Reduction, in addition to capping rent at 37.5 percent of crop yield, also required landlords to lodge written contracts with township governments and established committees that would calculate annual yields from which rent prices were derived.<sup>40</sup> Chen Renlong (陳人龍), an official within the Land Economics Unit (地政組, Dizheng Zu) of the JCRR, stated in an oral history that one of the major contributions to land reform was in fact government expenditures to pay for salaries of the significant manpower required. Taiwan’s early 1950s land reform relied heavily on the “design of the technical and the rigor of execution” (技術的設計和執行的嚴密) in conducting land surveys for “tens of millions of landlords and tenants and hundreds of thousands of hectares of arable land.”<sup>41</sup> Chen explained that all the information amassed in surveys were then recorded

on simple index cards that contained information on land and people, such that “all of the land rights holders and land usage information could be found on every land registration card” and “all of the land size and land usage information and land usage information for every landowner could be found on every land rights holder card.”<sup>42</sup> The index cards provided a logical and simple rationalization of complicated legal relationships between peoples and land.

For Chen, the greatest challenge of 375 Rent Reduction was the usage of written contracts. Chen described pre-reform leases as being mostly constituted of verbal contracts, which were problematic because later disputes became difficult to settle. The transition to written contracts entailed rationalization and bureaucratization. Contracts were made uniform, such that details in all contracts were the same—they contained all information relating to rights and obligations and would carry over for new contracts by default. Three copies were produced for every executed contract, one for each party and a third copy lodged with the local district or township government office. These triplicates were inspected by local officials for “irregularities,” and officials would sometimes conduct interviews of parties to determine if “black-market” or other forms of illegal transactions occurred.<sup>43</sup> Chen proudly showcased a sample of the new standardized contracts in the appendix of *Land Reform in Taiwan*, producing a tidy visual image with clearly numbered clauses and information grids for completing specifics of land being transacted.<sup>44</sup>

In another layer of technicality, Chen addressed the issue of land grading. Arable land had been graded on the basis of productivity for purposes of evaluating taxation well before GMD land reform. However, like most property valuations, the method of grading could be controversial. In some cases, ecological change, such as the gradual draining of a paddy perhaps due to long-term climate change or weather patterns, could transform it to become less productive dry land. This could significantly affect agricultural output and thus valuation. GMD policy planners addressed these possibilities through observation and correction. Land that had changed, for example, to possess multiple subregions with different productivity potentials would be subdivided into plots and assessed separately by local officials in a process called “readjustment.” Readjustment would be accompanied by meetings with both tenants and landlords and would be subject to oversight by county-level officials.<sup>45</sup> The implementation of legal processes with continual reevaluation involving government expertise signaled the increased bureaucratization and rationalization of interactions involving humans and land, reinforcing for Chen and the GMD the technical image they wanted to portray.

Negative consequences from the 375 Rent Reduction produced a lengthy discussion in Chen’s manuscript. Problems ranged from inaccurate land categorization and grading to refunding excessive security deposits to reduced water services provided by landlords post-reform.<sup>46</sup> For Chen, these matters were of a technical nature. In each scenario, he outlined a rational state response that would include

state intervention, oversight and inspection committees, reevaluation, and further changes to legislation. In the section discussing the results of the 375 Rent Reduction, Chen cited government surveys of villages post-reform in 1951 performed by inspection teams, using markers such as “seven families have built new houses . . . 40 families have bought draft cattle . . . 25 families have had marriage celebrations” to demonstrate the “betterment of the tenant farmers’ livelihood.”<sup>47</sup> The social results were largely superficial, shown to demonstrate anecdotal results, whereas the larger emphasis was on the technical language of land economics, the before and after measurements and multiple variables to consider land value and tenancy rates.

The second series of land reforms—the sales of public (state-owned) lands—ran from 1948 to 1958, with a peak of 1951 after the passing of the Regulations Governing the Sale of Public Farm Lands to Establish Owner-Farmers in Taiwan Province. After the retrocession of Taiwan to China in 1945, the Nationalist government seized control of Japanese government owned lands in Taiwan. These included county and municipal lands and Japanese state-owned enterprise lands, as well as private lands owned by Japanese individuals. These lands, according to Chen, accounted for about 21 percent of total farmland on Taiwan, a total of 434,981 acres.<sup>48</sup> Under Japanese colonial rule, most of these lands were subleased to tenant farmers by the landowners, which ranged from Japanese veteran soldiers to Japanese state-owned corporations.

Chen describes the primary motive of public land sales was to turn former tenant farmers of Japanese imperial lands into owner farmers. The key differentiating factor in the widescale sales under the GMD were the numerous legal conditions to ensure that tenant farmers were qualified for purchase and that transactions were not financially onerous. Sales price was set at 2.5 times the total annual yield of the main crop, paid in ten annual installments without interest. To eliminate the uncertainty of currency valuation and to discourage taking high-interest loans, payment was taken in farm products, which were supposed to be calculated at market value.<sup>49</sup> Legal conditions prevented the resale of this land to potential speculators. Overall, GMD legal protections represented a foundation for modern property rights, enshrined through rule of law and enabling state intervention into private property transactions. These were in line with various types of market regulations by states for capitalist development.

Chen stated that the goal of selling public lands was to take a first step toward private land redistribution. Leading through example, he argued, would demonstrate the resolve of the state striving for ideals of state-led welfare. “How could it be possible to make private landlords content if the Government continued to own a large amount of cultivated lands without offering them for sale and remained [*sic*] a landlord itself?” Chen continued to attribute this ideology to Sun Yat-sen again, quoting a number of articles from the ROC Constitution that emphasized *Minsheng zhuyi*. Even these references were wrapped within a language of

capitalism with ideas of socialism, such as “equalization of landownership and restriction of private capital in order to attain a well-balanced sufficiency” and “the State shall, in principle, assist owner-farmers and persons who make use of the lands by themselves.”<sup>50</sup> Though it is doubtful that GMD planners were driven purely by selflessness and Sun’s Three Principles as opposed to the political expediency of garnering popular support, the sale of public lands was nonetheless successful in placing land into the hands of formerly landless tenants, effectively increasing the number of farming families tilling land they owned.

### TURNING PEASANTS AND LANDLORDS INTO CAPITALISTS

The third and final reform was arguably the most crucial for the overall land reform narrative. This was compulsory land redistribution, or the land-to-the-tiller (耕者有其田, *gengzhe you qitian*) program. Land-to-the-tiller began as draft legislation in 1952 and passed the Legislative Yuan in 1953. The legislation involved two steps: the compulsory purchasing of all tenanted land in excess of a prescribed amount by the GMD government, and the sale of that land to farmers. A total of 344,092 acres were purchased by the ROC state and resold to 194,823 farm families. Land-to-the-tiller also provided legal oversight to ensure that newly sold lands remained in the hands of tillers and not resold, implementing annual inspections of resold land as well as generous loans to disincentivize quick sale in times of financial hardship.<sup>51</sup>

Benefits of land-to-the-tiller reform were multifold. One emphasized basic economic incentives; by granting ownership of land to those who cultivate it, GMD state planners provided the proper economic incentive for full development of land. Prior to land reform, farmers would be reluctant to make capital-intensive improvements to their land, due to the uncertainty of tenancy. At any point, they could be forced off the land, disincentivizing long term improvements. Furthermore, with excessive rent, farmers were unable to accumulate savings or finance capital-intensive purchases and thus make long-term improvements to their land. Chen called this the “psychological factor” and argued that this was responsible for the rise in purchasing and financing of agricultural equipment and farm implements after the land-to-the-tiller reform was implemented.<sup>52</sup> Though this may indeed be the case, as historian Emily Hill has argued, if one considers all the factors increasing overall annual yield in agricultural growth, the influence of land ownership incentives for capital improvement is still less than what she argues is the single most important factor in Taiwan’s Green Revolution, which is chemical fertilizer.<sup>53</sup>

Chen also dedicated significant space in *Land Reform in Taiwan* to explaining the financial mechanisms behind land-to-the-tiller. The entire process was financed through credit mechanisms issued by the Land Bank of Taiwan, providing landlords with bonds whose interest would be paid through the income

stream of annual payments by tillers over ten years. The Land Bank of Taiwan provided crucial financial services that made land reform possible. The Land Bank was formed in 1946 through the seizure of the five Taiwanese branches of the Japanese colonial bank, Nippon Kangyō, and was infused with cash from the ROC government.

Under the GMD land-to-the-tiller program, land was compensated overall with 70 percent land bonds and 30 percent stock in recently privatized state owned enterprises (SOEs). The land bonds provide an ideal example of the capitalist-making practices that the GMD wanted to portray. Two types of land bonds were offered: rice bonds to compensate for paddy lands that were purchased, and sweet potato bonds for dry land. Both types of bonds offered future payment in both cash and the corresponding crop type, with the former being the result of sales of the crop at market prices. Bonds provided for payment over ten years at 4 percent interest per year.<sup>54</sup> The floating of bonds, which were guaranteed by the state, offered an introduction to modern finance. Bonds allowed the GMD state to not offer up its own capital for the purchase of the lands, instead using future rent payouts from the former tenant farmers. These inculcated the former landlords and former tenants into capitalist practices, demonstrating, for example, the guarantees of the state-backed bonds as a middleman, as well as the possibility of income for future payout with interest (for the landlord) and the future of current capital investment with future payment (for the farmer).

For Chen, the point of pride of land-to-the-tiller was not that it had broken the power of the landlords but rather that the process was ostensibly fair to landlords and gave them potential to accumulate even further wealth through capital reinvestment. Chen wrote that “while shaking off the shackles of the tenancy system for the farmers in order to improve their living conditions, the enforcement of the land-to-the-tiller program should also take into account the interests of landlords so as not to cause them to suffer too great a loss.”<sup>55</sup> The obvious foil was the confiscation of land across the strait under the CCP, and indeed, Chen dedicates the final chapter of the book to an explicit comparison of “Red ‘land reform’” (quotes original) to GMD land reform. As a form of substitution for income from land rents, Chen and GMD planners thought that they could encourage landlords to take an interest in industrial development. Thus, they privatized the formerly state-owned Cement Corporation, Pulp and Paper Corporation, Industrial and Mining Corporation, and Agricultural and Forestry Development Corporation through public offering of shares.<sup>56</sup> For Chen, this was in stark contrast with the Communists, who “have acted contrary to every principle of human nature” in confiscating land “without compensation.”<sup>57</sup> In reality, landlord positions were far more precarious living under GMD martial law and violent repression. After the February 28 Incident of 1947 and the following White Terror in which the GMD regime cracked down on supposed local agitators, landlords feared opposing the government, rightly concerned that opposition could result in physical violence, jailing, or even execution.<sup>58</sup>

From the GMD perspective, land-to-the-tiller was not just evidence of the GMD's state's technocratic capabilities, modernity, or even largesse. It was also evidence of the sociotechnical transformations of GMD policies. Whereas rent ceilings and sales of public lands made rural lives easier and more humane, land-to-the-tiller was transformative by making capitalists out of peasants. Through the privatization of land and the inculcation of new legal and financial practices that farmers were subjected to during this process, modern capitalist practices such as deeds, certificates, contracts, and bonds became basic knowledge. All former tenant farmers who had become owner cultivators were introduced to capitalist practices. In a sense, this reflected a financial complement to agricultural science. Whereas agricultural extension agents spread modern practices of fertilizer spraying, pesticide application, seedling spacing, and so on, so too did the provincial land bureau and local officials spread modern practices of triplicate contracts, interest rates, commodity markets, etc.

Perhaps more important for the GMD was their representation of the former landlords. Whereas land was previously the sign of wealth, the GMD wanted capital that had previously been locked up in land instead to be directed to industry, such as manufacturing and chemicals. With the conversion of land to state-owned enterprise equity and bonds, former large landowners, too, were immediately transformed overnight into capitalists. A majority were tragically deprived of much of their capital. Many did not understand the value of their certificates and sold them immediately below market value, not knowing that SOEs would later become highly profitable enterprises, making those stock certificates highly valuable.<sup>59</sup> One National Taiwan University study from 1965 estimates that over 90 percent of landlords who sold their stock did so at a loss.<sup>60</sup> In spite of this exploitation, scholars Ping-Chun Hsiung, Cheng-shu Kao, and Gary Hamilton have argued that land reform offered low-cost rural lands and the impetus (sometimes not by choice) for many "living room factories" to emerge and lead Taiwan's later 1970s and 80s industrial miracle.<sup>61</sup>

### VISUALIZING LAND REFORM

Visuality accompanies the narrative form and the technical language of contracts and financial instruments in *Land Reform in Taiwan*. This visibility focused on three key themes: the rational modernity of technocratic land reform, welfarist principles, and human encounters. Whether through posed photographs or through "sample documents" that presented copies of bonds, contracts, and other bureaucratic forms, Chen impressed upon readers that land reform was not just a paradigm of technical mastery but also one that had direct social effects upon Taiwan.

Among the human-centered photographs, several illustrated the socialization of capitalism. Figure 2 depicts a stockholder meeting, which included newly minted capitalists from former landlords and demonstrated the transition from a



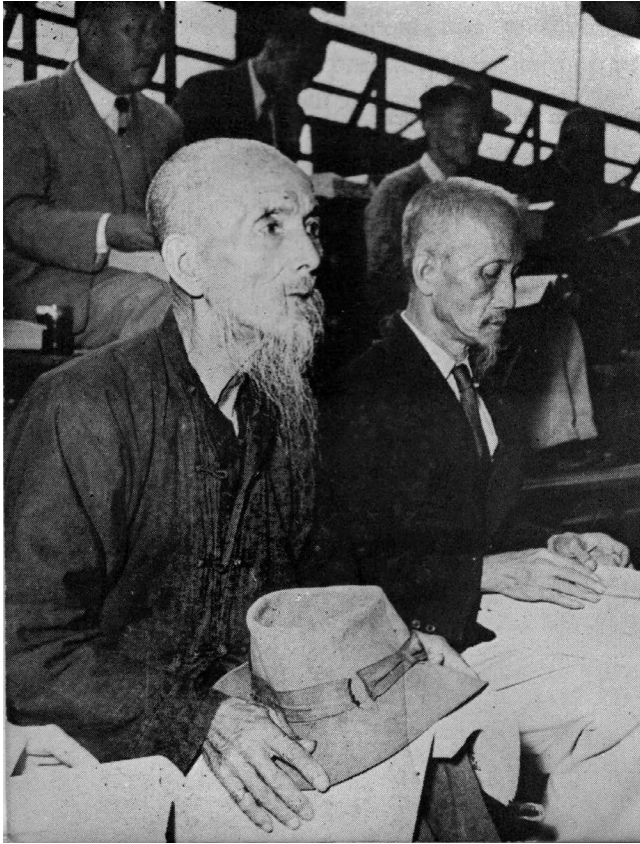


FIGURE 2. This photograph was included in Chen Cheng's book on land reform. The caption reads, "Former stockholders landlords attend stockholders' meeting. They received corporate shares instead of cash." The compensation for their landholdings was stock in state-owned enterprises, which turned some (those who did not sell their stocks immediately) into capitalists. Chen, *Land Reform in Taiwan*, 34.

traditional economy to a modern one. In the bottom left a landlord-turned-capitalist garbed in traditional Qing-styled clothing sits next to another shareholder but dressed in a dark Western-style suit. In the back row are a full row of men, all in business suits, perhaps visually comprising the class of industrial capitalists that the GMD hoped to make of erstwhile rural landowners.

In figure 3, tenant farmers are shown smiling as they received certificates demonstrating proof that they were new landowners. The bicycle and farming hats signify their class backgrounds, but the pieces of paper symbolized their newfound transition into a new class designation under GMD land reform. Like the landlords, with bonds or certificates they also entered a new age of finance capitalism.



FIGURE 3. The caption to this photograph reads, “New owner-farmers receive their land certificates.” The photo captures the elated former tenant farmers becoming landowners. As in the case of landlords receiving equity in state-owned enterprises, these interactions with the state and state agents introduced Taiwanese farmers into modern capitalist practices. Chen, *Land Reform in Taiwan*, 34.

Highlighted in Chen’s legalistic processes were also procedures meant to showcase that technocratic land reform kept fairness and principles of people’s welfare in mind. This was underscored by the utilization of committees, such as the one in figure 4. Committees allowed for multiple eyes to make decisions on matters subject to interpretation or needing oversight. And committees were legalistic as well; they were built into the required legal procedures for calculating annual yields and other matters that affected tax levies and sale prices.

Human manpower behind GMD land reform was not meant to be conducted only behind closed doors. Much like the agricultural extension networks of industrialized agriculture, so too did bureaucratic land reform have agents in the fields who assisted its efforts, as shown in figure 5. Similar to committee work, the surveys were designed to inspect actual field conditions and to determine fair grading of land values and production capability. Chen placed emphasis on the importance of accurate data, made possible by teams such as this. Like the landlords, too, this juxtaposed the technical officials, in both Zhongshan suits popular in the Republican period and in more modern Western garb. To the left is the barefoot rural farmer, holding onto an ox, who witnesses this technical endeavor firsthand.



FIGURE 4. The caption to this photograph reads, “Committee settles disputes arising from tenancy reform.” Committees were central to how Chen envisioned land reform having human oversight to ensure land grades and contracts were determined fairly. Chen, *Land Reform in Taiwan*, 34.



FIGURE 5. The caption to this photograph reads, “Officials check actual conditions of farm tenancy.” Survey teams were sent to the field much like agricultural extension teams in order to confirm that land and rent data were accurate. Chen, *Land Reform in Taiwan*, 34.





FIGURE 6. The caption on this photograph reads, “Cooperative credit ends high-interest evil of moneylenders.” State-implemented credit cooperatives were meant to give farmers access to loans with reasonable interest rates. Chen, *Land Reform in Taiwan*, 108.

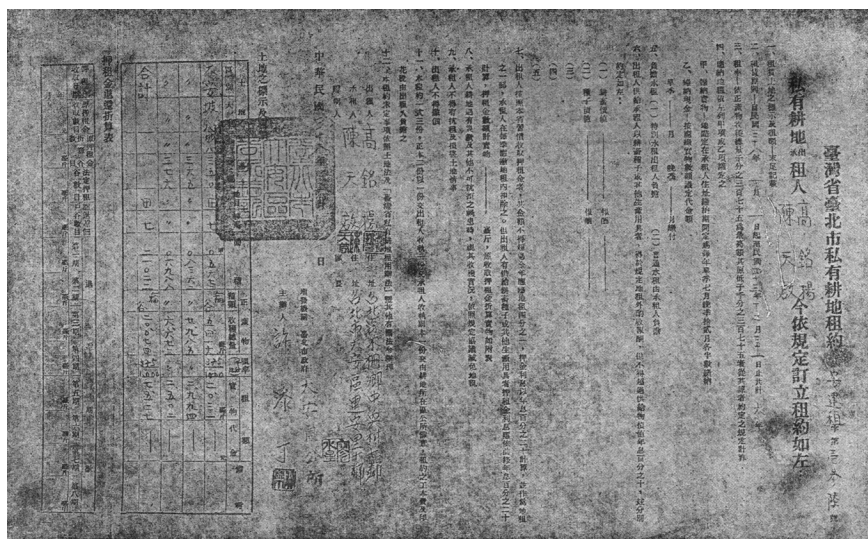


FIGURE 7. The appendix of Chen’s book included sample contracts and other legal documents utilized in land reform transactions, grading, and financing. These instances demonstrated the standardization and legalization of land-related finance. Chen, *Land Reform in Taiwan*, 315.

(Form 9)

APPLICATION FORM FOR THE PURCHASE OF PUBLIC LAND  
(SERIAL NUMBER... ..)

Applicant:

Residence:

This is to request the Taiwan Provincial Government that the applicant be permitted to purchase the public lands specified hereinafter:

Land particulars				Comments		Items to be guaranteed					
State or province-owned				Total	Checked by: Comments by: Approved by:	Enclosures	Date of application:	1. The purchaser will cultivate the land himself after he has purchased it.			
Village, township, or district								2. The purchaser will observe all the laws and regulations governing the sale of public land and pay the installment payments when due.			
Land section								3. The guarantors hold themselves responsible for all financial and legal consequences, if the purchaser violates either or both of the above-mentioned points.			
Sub-section											
Plot number											
Land category			Paddy field	Dry land	Remarks	One copy of applicant's household record;..... copies of farm lease contract; and..... copies of other documents.	Applicant's personal seal:	Purchaser	Guarantors	Notes	
Land grade			Area					Status			1. The guarantors must be neighbors of the purchaser or responsible businessmen. 2. A new guarantor is necessary if either of the original guarantors migrates to another locality.
Area					Land value	Name	Occupation	Residence			
Irrigation condition									Amounts to be paid	Relationship with purchaser	
Sales value in kind	Farm crop										
	Amount per chia										
	Amount for this plot in kilograms										
Number of installment payments	Year				Amounts to be paid	Relationship with purchaser					
	From:										
	To:										
Amount of installment payments	Annual payment in kilograms				Amounts to be paid	Relationship with purchaser					
	Semi-annual payment in kilograms										
Action approved											
Remarks											

FIGURE 8. Another sample government-introduced form to standardize land lease contracts included in Tang Huisun's *Land Reform in Free China* published by the JCRR in 1954. Tang, *Land Reform in Free China*, 301.

Chen emphasized that capitalism in the ROC was benevolent. In extolling the virtues of cooperative credit, *Land Reform in Taiwan* explicitly denounced the prior “evil” system of moneylending that allowed for high-interest loans, which took advantage of farmers.

The appendix of sample documents in *Land Reform in Taiwan* presented a collection of legal and financial documents that occupied a central position within the narrative. These included stock certificates and bonds that were given to landlords in compensation for seized lands, as well as purchase and lease contracts for land transactions. Another publication, *Land Reform in Free China*, authored in 1954 by Tang Huisun (湯惠孫, Hui-Sun Tang), chief of the Land Reform Division of the JCRR, also included sample documents translated to English. In one such sample document, land is rationalized and made legible through new spatial categorizations (“Village, Township, or District; Land section; Sub-section; Plot number”) and land characteristics utilized for financial legibility (“Land category; Land grade; Value of farm implements supplied to lessee by lessor”).<sup>62</sup>

Forms, contracts, and other documents were how farmers and landlords encountered the modern rationality of GMD-led land reform. Though contracts were certainly not new to farmers and landlords who had utilized contracts for rent and tenancy on Taiwan for centuries, the inclusion of these documents within the land reform narrative was significantly more prominent. And furthermore, through quantification, tables, and forms, the technical disciplining of land reform became represented in visual form, presented as both primary documents and as secondary documents through technical appendices for readers.

## CONCLUSION

Land reform, like other facets of agrarian development, served as a vehicle for GMD construction of societal policies. Whereas land reform policy was a series of laws and policy implementations moderately successful at consolidating state control, in the discursive sphere it acquired new meanings and values. Through publicly presented writings, such as Chen Cheng’s *Land Reform on Taiwan*, land reform symbolized the highly technical and modern project of GMD development. Through the use of quantification, rationalization, and financialization, GMD leaders showcased how its capitalist system produced superior results.

The specifics of capitalism fleshed out in Taiwanese land reform represented a prescient version of Taiwanese society. Much as the commodification of financial instruments such as derivatives allowed for new levels of leveraging and capitalist finance; so too did the technical implementation of surveys, contracts, and bonds issued for Taiwan land reform. Lee Teng-hui argued for the importance of intersectoral capital flows, and the previously illegible land divided and subdivided in “premodern” systems became the target of GMD reform.

Looming over all this was the foil to GMD land reform: Communism. In indirect or direct contrast with Communist land reform, Guomindang represented their land reform as producing better economic and social results. Guomindang land reform was thus not just technical for the sake of being modern, but also modern in the sense that the technical could also be better for the tenant farmer. This was modern capitalism, with socialist characteristics.

Eventually, the GMD narrative of capitalist-welfarist land reform would become marketed in the 1970s and 80s to the Third World, especially in Southeast Asia, Latin America, and the South Pacific, as a specifically Taiwanese “model” of land reform. As chapter 6 will explore in detail, Taiwanese land economists established a Land Reform Training Institute to teach Taiwanese principles and experiences in land reform so that officials from other developing nations could avoid the fate of Communist China. The Taiwan model possessed socialist characteristics but was sufficiently capitalist. It distracted from popular attention to Communism with technical and arguably magical language of bonds and interest rates and was safe for officials of “free world” nations (despite many being ruled by dictators and autocrats) to implement without fear of their own property being violently seized.