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NOT ALL IN THE FAMILY:
CLASS, GENDER AND NATION IN THE INDUSTRIALIZATION OF
TAIWAN

BY

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August 1998

A thesis submitted to the Faculty of Graduate Studies
and Research in partial fulfillment of the requirements
of the degree of Doctor of Philosophy.

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ABSTRACT

A study of the Taiwanese leather tanning industry is the basis of a critical reflection on the anthropological literature surrounding Chinese enterprises and a familistic "Chinese entrepreneurial ethic" which supposedly constrains their growth. Data gathered through historical research and in-depth interviews show that the growth of firms in the industry has not been inhibited by a familistic "entrepreneurial ethic." The structure of the industry has been far more influenced by Taiwan's history of incorporation into the world economy and the policies of modernizing governments, both under Japanese (1895-1945) and GMD rule (1945-present). The establishment of a market-friendly institutional context on Taiwan, including private property rights and contract law, has made it possible for some firms to grow from small family enterprises into relatively large corporations. At the firm level, organization of production into family or corporate firms is less influenced by a Chinese cultural essence than by the degree of capitalization available to firms and the type of product they produce.

The "entrepreneurial ethic" thesis not only fails to account for the empirical reality of the Taiwanese tanning industry. In the Taiwanese context, the discourse on Chinese family firms has political implications in terms of class, gender and nation on Taiwan. First of all, focus on the family has overlooked class- and gender-based inequalities in such enterprises. In chapters five through seven, therefore, this thesis draws attention to the roles of workers and women in the contemporary Taiwanese economy. Secondly, studies of Taiwanese society as a reflection of Chinese culture neglect controversies within Taiwan about "Taiwanese identity" and national sovereignty. Chapter eight is thus an discussion of the competing nationalist discourses employed by the state and Taiwanese entrepreneurs. In conclusion, it is argued that

cultural explanations of economic behavior have political implications which should be rendered transparent in the social scientific literature.

SOMMAIRE

L'étude de l'industrie de tannage de cuir à Taïwan est la base d'une réflexion critique sur la littérature anthropologique entourant des entreprises chinoises et leur idéologie familiale qui est supposée contraindre leur croissance ("Chinese Entrepreneurial Ethic Thesis"). Les données colligées par la recherche historique et des entrevues approfondies démontrent que la croissance des entreprises dans l'industrie n'est pas inhibée par cette idéologie. La structure de cette industrie a été influencée bien plus par l'incorporation de Taïwan dans l'économie mondiale et les politiques des gouvernements modernisateurs, dont les Japonais (1895-1945) et le GMT (1945-aujourd'hui). L'établissement d'un contexte institutionnel favorable aux libres marchés, incluant des droits de propriété privée et la loi contractuelle, a créé la possibilité pour certaines entreprises de se développer petites entreprises familiales en corporations relativement grandes. Au niveau de l'entreprise, l'organisation de la production dans une entreprise familiale ou dans une corporation est moins influencée par une essence culturelle chinoise que par le degré de capitalisation disponible et par le produit fait par l'entreprise.

La faiblesse de l'hypothèse d'une "Chinese entrepreneurial ethic" ne se limite pas au fait qu'elle ne puisse pas expliquer la réalité empirique de l'industrie du tannage du cuir à Taïwan. Dans le contexte taïwanais, ce discours a des implications politiques en termes de classe socioéconomique, du genre, et même de la nation taïwanaise. Premièrement, l'attention portée sur la famille a fait oublier les inégalités entre ouvriers et patrons ou entre femmes et hommes dans ces entreprises. Les chapitres cinq à sept portent sur les rôles des ouvriers et des femmes dans l'économie taïwanaise contemporaine. Deuxièmement, les études de la société taïwanaise qui la considèrent comme une réflexion simple de la culture chinoise négligent

des controverses à l'intérieur de Taïwan concernant "l'identité taïwanaise" et la souveraineté nationale. Ainsi, le huitième chapitre discute les différents discours nationalistes employés par l'état et les entrepreneurs taïwanais. En conclusion, il importe de noter que les explications culturelles du comportement économique ont des implications politiques, et qu'il faut en rendre compte dans des études en sciences sociales.

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PREFACE

I first became interested in leather tanning in the summer of 1993, when I conducted research for my M.A. degree in Pingyang County of Zhejiang Province, China. Although I was working on an entirely different topic at the time, I noticed that most of the families in the region were involved to some degree in leather tanning. Leather tanning in Pingyang, at least at that time, was still a rather primitive craft. Farmers carved lime pits into their farmland, turned the hides manually in those tanning pits, rinsed them in the local streams, and then set them out in the fields to dry in the sun. Strictly speaking, those tanneries were not factories, but rather an extension of the household economy into craft production. Instead of relying on teams of hired labour, they used unpaid household labour or occasionally brought in an apprentice or two from outside the family. I originally intended to do my Ph.D. research on the leather tanneries of Pingyang.

Returning to Montréal, I read Ellen Oxfeld's (1993) study of Chinese family-run tanneries in Calcutta. She described a world with which I was already familiar: Chinese families producing leather by hand in smelly tanneries with primitive technology. I began to ask myself what Chinese tanneries would be like if they operated in an entirely different institutional context. What if, unlike the case in India or China, they were located in a country conducive to private enterprise? What if they were located in a developed country, with greater access to capital and technology? Would Chinese-run tanneries in such a place also be small enterprises relying mostly on family labour and a few apprentices? Or would a different institutional context permit them to expand, hire workers, and exploit the advantages of economies of scale? When I found out that Taiwan, with a far more developed economy and a freer economy than either China or India, had a significant

leather tanning industry, I decided to find out the answers to these questions on my own.

Getting to Taiwan and actually doing the research, however, was no easy matter, and would not have been possible without the support of many individuals and institutions. Nineteen months in Taiwan, which included a year of field research and time for writing the thesis, were funded by the Wenner-Gren Foundation, a McGill Major Fellowship, the McGill Faculty of Graduate Studies and Research, the McGill University Pastoral and Agrarian Systems Equipe (PASE), and a Salisbury Award from the Canadian Anthropological Society. The PASE grant was financed as part of a team grant received from the Québec Fonds pour la formation de chercheurs et l'aide de la recherche (FCAR).

Before, during and after field work, I received valuable assistance from the members of my Ph.D. thesis committee: Laurel Bossen, Donald Attwood, and Jérôme Rousseau of McGill University, and Bernard Bernier of the University of Montréal. Their support of my research and helpful comments on my thesis are greatly appreciated. Rose Marie Stano, the administrative assistant in the Department of Anthropology, was of invaluable assistance in such tasks as getting my fellowship money to me in Taiwan, making sure I was appropriately registered at McGill during my absence of two academic years, and even helping me find an apartment upon my return from the field.

My sponsoring institution in Taiwan was the Institute of Ethnology at Academia Sinica. I am especially indebted to my Taiwanese advisor Chuang Ying-chang, who generously provided moral support and academic guidance during my stay in Taiwan. I also thank G.S.Shieh, Ka Chih-ming, and Lu Yu-hsia of the Institute of Sociology, and Hsieh Kuo-hsing of the Institute of Modern History, all of whom gave me advice on my field research.

As for actual entry into the world of tanning, I am indebted to the Taiwan Regional Association of Tanneries, who gave me my first introduction to the industry. I especially thank Mr. Li Jiuru, who allowed me to work for several days in his tannery. To separate any other tanners out for special acknowledgement would be hardly fair to the other sixty-seven tanners who helped me with this project. So I thank collectively the owners and employees of the sixty-eight tanneries I studied, as they so graciously helped me with my interviews and even sometimes with the finer points of anthropological theory. Without the help of those tanners this project would have not been possible. In order to protect the anonymity of the informants, I have used pseudonyms for the names of individuals and tanneries.

In Tainan, I thank Mr. Wu Jinsong of President Enterprises, who introduced me to a tanning friend of his, and also gave me new insights on the Taiwanese economy as a manager in one of Taiwan's home-grown multinational enterprises. His wife, Nancy Chen, a history instructor at Nantai Junior College in Tainan, was a sounding board for sociological ideas as I conducted fieldwork and wrote my thesis. As an interested member of the local community, she read my thesis in its entirety and provided me with many helpful comments. I also thank Lin Zhenjun, a businesswoman, neighbor and friend, who look me under her wing in Tainan. She taught me much about women in the Taiwanese economy, and inspired me to look further at enterprising role of women in business. I also thank my friends and roommates in Tainan and Kaohsiung, who made my stay in Taiwan so rewarding, providing moral support in even the most despairing moments of field work. Thanks especially to Li Mengjin and Yang Chongzhi, who accompanied me to several tanneries in the Tainan area.

My parents Dan and Angela Simon also deserve a note

of thanks, for their moral support by international telephone calls, and even for visiting me in the field. They made me realize that Taiwan isn't really so far away from home after all. I also thank Vidal Uon, Elizabeth Kizzie, and Robyn Eversole.

After writing my thesis, I received feedback from a number of scholars. Of course, I especially thank the members of my thesis committee for their comments. Sociologist Lu Yu-hsia read my entire thesis and commented on it publicly as a discussant in May 1998, when I presented my research results in a formal lecture at the Institute of Ethnology, Academia Sinica. I thank also Hsu Cheng-kuang, the Director of the Institute of Ethnology, and all others present at that lecture for their comments on my research. I also presented Chapter Seven in papers presented at the McGill University Centre for Society, Technology and Development (STANDD), and at the Third Annual Conference on Taiwanese Culture and History at Columbia University, New York. The participants at both of those events provided useful comments which helped me develop one of the main arguments in my thesis.

In short, no part of this project would have been possible without the support of numerous people. It has been a collective effort, and I thank all of those who took part in the project. In the end, however, the descriptions, analysis and conclusions are mine and I take responsibility for all errors contained within.

For the benefit of Western scholars who have been trained in pinyin, most Chinese names and words are romanized in *hanyu pinyin*. The following exceptions have been made. Taiwanese place names have been written in the spelling employed by the Taiwanese post office. The names of historical figures, such as Chiang Kaishek and Sun Yatsen, have been written in the traditional forms familiar to most readers. Taiwanese place names during the Japanese period have been written in Japanese

romanization to express the Japanese flavour of that period. Personal names of published authors are written as they appear on their publications. The surname written in pinyin as Xu, for example, appears also as Hsu and Kho to respect the preferences of individual authors. Throughout the text, currency conversions are calculated at the March 16, 1998 rate of US\$1 = NT\$31.5.

Chapter One: Introduction

The study of commodity production has been one of the central theoretical concerns of social science since the days of Adam Smith and Karl Marx. In the 1990s, the study of commodity production has taken on particular relevance due to significant changes in the world political economy. The failure of the state to organize production efficiently in the Soviet Union and its satellite states in Eastern Europe led to the collapse of the state, the discrediting of the Communist Party, and a slow, painful rebuilding of the economy on free market principles. The People's Republic of China has also turned away from Soviet-style production methods and embarked on an ambitious economic reform program based on a so-called "socialist free market." In no way do these developments construe the victory of Anglo-American style capitalism. The economic successes of Japan and Germany, who closely rival the United States in productivity and economic growth, demonstrate clearly the viability of different forms of capitalism which diverge significantly from Adam Smith's neoclassical model.

International trade has brought different regional economies closer together than ever before. As I write these words, I type on a keyboard "made in Taiwan," but attached to a monitor assembled in Singapore. I drink Ethiopian coffee in a ceramic mug from Japan, and munch on an apple grown in South Africa. I wear Reebok shoes, made with leather tanned in Taiwan, but assembled in a factory in Fujian Province of China. And with tariffs reduced world-wide as a result of the GATT agreement and the new World Trade Organization, international trade will surely mushroom in the years to come. In this rapidly changing, interlocking world economy, it has become more important than ever to understand how production and distribution are organized

in different cultural and regional contexts. With their skills in on-the-ground research, anthropologists are well equipped to study the production of computers in China, keyboards in Singapore, coffee in Ethiopia, ceramic mugs in Japan, and apples in South Africa, as well as the distribution channels that link them.

This study is focused on one such commodity -- the leather tanned in Taiwan that is eventually made into Nike running shoes and other leather products. It is hoped that this study, focusing on a specific industry in a specific region, will cast new light on how commodity production is organized in different cultural, historical, and geographical contexts. With a focus on production of one specific commodity, I use what Marcus (1995) calls a "follow the thing" methodology. Wallerstein's concept of the "commodity chain" (1991) is central to the project, which documents and analyzes a Taiwanese link in the chain that transforms, for example, the hides of Texan steers into finished leather. This leather may then be crafted into shoes or belts in Fujian Province of China for sale at Zellers in Canada. This type of methodology is necessary since cultural norms and government actions are more evident in the histories of specific industries than in aggregate statistics of the economy as a whole.

This study of tanners in Taiwan addresses the following questions. Is there a unique, culturally based Chinese form of commodity production that characterizes Chinese-owned firms all over the world wherever they may be found? How has the institutional history of Taiwan and its incorporation into the world economic system influenced the leather industry there? What do the very concepts of "production," "Chinese," and "culture" mean to the tanners who participated in my study? First of all, however, it remains to be seen why leather production in particular is deserving of intense

anthropological scrutiny.

Leather: an Ancient and Global Commodity

Leather tanning may not be the world's oldest profession, but it is one of the world's oldest industries. The use of animal skins dates back to prehistoric times, when people discovered that the hides discarded after consuming meat were themselves useful for protection from the elements and for carrying things. Since raw skins become stiff in cold temperatures and rot in heat, people attempted to render skins stronger and more flexible. One early method of tanning was rubbing skins in animal fats, a process mentioned in Assyrian texts and Homer's *Iliad*. Other early tanning methods were sun tanning, smoking, water tanning, and tanning with alum, a mineral commonly found in volcanic areas. Ancient Sumerians, Assyrians, Egyptians and Romans all processed leather for clothing, tools, military arms and decoration. Ruins of tanneries have been found in archaeological sites around the world, including Pompeii.

In China, evidence of tanneries has been found as early as the Shang Dynasty (1700-1100 BC). By the Han Dynasty (206 BC - AD 220), China was already exporting tanned leather to other countries. And in the Sung Dynasty (AD 960-1279), leather was important in China for military purposes (Administrative Yuan 1948: 1). In the Ming Dynasty (AD 1368-1644), sheep, goat and deer skins were used for clothes and the cheaper skins of dogs and pigs were used to make shoes (Sung 1966 [c.1637]).

Although leather remains an under-researched commodity, it continues to play a significant role in international trade. In 1990, the trade value of hides, skins, and finished leather (US\$12,579 million) was higher than that of other basic commodities, including cotton (\$8,176 million), coffee (\$9,315 million), tea

(\$2,461 million), and rice (\$4,415 million) (FAO 1992). Europe and North America were the first areas to develop a modern tanning industry. The United States, Germany, and Italy were the initial leaders in modernizing and internationalizing the industry. In the past two decades, however, tanning production capacity has been moving from those industrialized countries to developing countries. This is due to two main trends. First, wages in the industrialized world have risen, leading labour-intensive leather goods producers to move elsewhere in search of cheaper labour. Tanneries have followed them in order to be closer to their prime market. Second, several developing countries which are important suppliers of hides and skins have banned the export of those raw materials in order to encourage domestic leather industries (Ballance, Robyn and Forstner 1993: 10).

In the developing world, Korea, Taiwan, India and Brazil have been among the most successful examples of countries to develop their own tanning industries. Brazil and India both possess a large livestock population, and are thus well endowed with the natural resources needed to cultivate a leather industry. Korea and Taiwan are unusual in that they have managed to successfully develop tanning industries despite a shortage of domestic livestock. They both depend almost entirely on imported hides which they tan into finished leather and export. In spite of this disadvantage, they have become world leaders in tanning, not only in regard to the volume of tanning done, but also in terms of exports, international investment and marketing expertise. In Taiwan alone, leather exports reached US\$713 million in 1994, an increase of 80% over 1993. Over half of this figure, US\$355 million, is accounted for by bovine leather exports (CETRA 1995). Taiwan is one of the world's largest leather producers, tanning

approximately nine percent of the world's leather supply. Table 1:1 shows Taiwan in fourth place in the international leather industry.

Table 1:1 Major Producers of Light Leather, 1991

Region	Production (thousand square meters)
Italy	149,944
South Korea	85,544
North America	70,403
Taiwan	62,387
South America	57,757
Russia	42,014
Japan	36,851
Germany	24,577
Africa	11,286
Total World	713,606

Sources: United Nations 1996: 340, MOEA 1997:97.

Characteristics of the Leather Tanning Industry

The tanning industry possesses special characteristics which influence its development as well as its position within the world economy. Most important are the supply of raw materials, the relative costs of production, and the polluting nature of the industry.

Supply of Raw Materials

Since leather is basically a by-product of the meat industry, the supply of raw hides is largely dependent on the markets for meat, dairy products, and wool. As hide sales account for only five to ten percent of a slaughterhouse's revenue, however, the market in hides and skins is underdeveloped. In the United States, for example, trade in hides has traditionally been the domain of a small circle of family firms (Berman and Wechsler 1988), as few others have even wanted to touch the smelly leftovers from slaughterhouses. In recent years, however, the situation has changed. As meat consumption has dropped in the United States, meat prices have fallen and the price of hides has risen. This development makes it more profitable for meat packers to move downstream into the processing of hides,

and they are in a good position to do so. Three meat packers control roughly 75% of America's feed lot cattle (Ballance, Robyn and Forstner 1993: 10).

The close connection between the leather industry and livestock supplies puts Taiwan in a slightly disadvantageous position. The Taiwanese cattle supply is so small, in fact, that the island's annual slaughter could not even provide enough hides for the monthly production of one single tannery (Liang 1986: 89). As Taiwan can only get five percent of its hides from the domestic market, the industry links the island's economy with that of North America. Taiwan imports 74% of its raw cowhides from the United States and an additional 19% from Canada. Despite Taiwan's large pig population, the island must also import most of its pigskins from Japan, largely because the Taiwanese people like to buy pork with the skin still on it (CETRA 1995).

Relative Costs of Production

The production of leather shoes, gloves, handbags and other leather products is largely a labour-intensive industry. Leather tanning, however, is the most capital intensive part of the leather commodity chain. Rather than using large amounts of labour, it is a biochemically intensive process. Raw hides and chemicals consume a far greater percentage of the costs of production than do labour costs. In almost all countries, hides and skins account for over half the total cost of leather production (Ballance, Robyn and Forstner 1993: 112). In Taiwan, raw hides account for about 55% and chemical supplies about 20% of production expenses in tanneries. Labour, however, accounts for only about eight to ten percent. The cost and quality of raw materials is thus far more important than labour costs in determining the location of tanning facilities.

Since Taiwan depends on imports for raw hide supplies, access to hides is a major consideration for

tanners. Tanneries must have access to relatively large amounts of capital in order to buy raw hides and deal with fluctuations in both hide prices and currency exchange rates. Larger tanneries, moreover, can maintain better relations with suppliers, because they buy in larger quantities and have more regular production runs. Tanners in Taiwan thus report that there are advantages to large scale in maintaining a reliable, high quality supply of raw materials.

Water Pollution

Leather tanning is an extremely polluting industry. The three basic types of pollutants associated with tanneries are preservatives, chemical pollutants, and organic materials. Preservatives, such as salt, are added to the hides before shipment to tanneries and then rinsed out before tanning. Among chemical solvents, chrome is the most dangerous and long-lasting contaminant. In addition to chrome, tanneries also discharge large amounts of aluminum, sulphides and other chemicals, all as water pollution. Finally, tanneries also emit various unwanted putrescible protein residues such as hair, meat scraps, and sludge. Nearly half the weight of the original hides and skins remains as solid waste which is not converted into leather. As environmental awareness increases, government regulation of tannery effluents has increased in most countries. In Taiwan, pollution control adds about four percent to tannery production costs. Studies show that as tannery size increases, there is a sharp fall in the costs of effluent treatment, suggesting that scale economies in pollution control may be substantial (Ballance, Robyn and Forstner 1993: 112).

Chemicals used in tanning also endanger the health of tannery workers. Even relatively minor exposures to industrial chemicals, if they occur frequently, can eventually build up to toxic levels. Vapours from

degreasing and finishing solvents, as well as chemical accidents and spills, can expose workers to dangerous toxins. Leather dust has also been listed by the European Commission as a potential carcinogen (UNEP 1991: 32). Although tanneries take care to control exposure to toxic substances, the work does pose health dangers. One Taiwanese tannery owner I interviewed had a fungal lung infection that he got from exposure to infected hides. A doctor also reported to me that he once treated a tannery worker whose hands had become stiff and hard like leather due to exposure to tanning agents. Due to the unpleasant odours and health hazards, few people are willing to work in leather tanneries or even live near one. This aspect of the tanning industry should be kept in mind, especially when reading the chapters on labour.

Main Theoretical Concerns of this Study

Leather tanning is of theoretical significance for several reasons. First, it transforms agricultural products into industrial commodities, providing a bridge between the rural and the industrial economies. Second, it is one of the world's earliest industries. Its history thus illustrates well the transition from local commodity production to manufacturing for a global market. Tanning, moreover, is particularly amenable to the hypotheses to be examined in this study (see below), since leather is produced both by small family workshops and large industrial factories. High flexibility in regard to firm size and capital intensity means that its organizational structure is less influenced by technological imperatives than many other industries, making it possible to focus a study on cultural and institutional variables.

The culture of leather tanning is a fascinating subject in itself. In India and Japan, for example, leather, as the product of dead animals, is considered

to be spiritually as well as materially polluting. In India, leather tanning is thus done by untouchables at the bottom of the caste system. In Japan, it is traditionally done by the *burakumin*, a hereditary lower class that did tasks, such as tanning, that most Japanese find unpleasant. Although Buddhism discourages the killing of animals, this ideology has little influence on daily life in contemporary Chinese societies. Chinese people have become voracious meat eaters, for example. Most importantly, there are no taboos or caste restrictions on leather tanning in contemporary Taiwan.¹ What is important in this study, therefore, is not the culture of leather in itself, but the impact of capitalism and modern industrial production methods on the Chinese organization of production. Chinese economic culture is often associated with small, family-based production. To what extent is that true of the contemporary leather tanning industry in Taiwan?

This study is intended to address three main bodies of literature:

1. *Economic Development and Cultural Change*

The influence of new capitalist ideas and institutions on society has been one of the most controversial issues in political economy, beginning

¹ In the Qing dynasty, some occupations, including butchery and actors, were considered to be degrading, and their members held the legal status of pariahs (Mann 1997: 38). These laws, however, were abolished in 1723, long before the Taiwanese tanning industry got its start (see chapter two of this thesis). Since leather tanning is a modern industry in Taiwan, having been founded only recently by foreigners, Taiwanese tanners do not have the traditions of guilds or craft gods observable in China. Without historical continuity linking them to Qing dynasty tanners, they are equally unlikely to have adopted other Qing dynasty social practices, such as pariah status (Chiao Chien, personal communication, 1998). None of the tanners I interviewed mentioned an outcaste status for tanners. Some of them, in fact, expressly contrasted Taiwan to Japan, well-known among Taiwanese tanners for delegating tanning to a lower class.

with the commercialization debate of the nineteenth century. Marx (1989 [1867]) and Lenin (1977 [1895]) both argued that economic development entailed an evolution from petty commodity production to manufacture and eventually to large-scale industry. As a corollary to this development is a process of commercialization, by which formerly self-sufficient families and villages turn increasingly to the market for land, labour, capital, and commodities. As far as labour relations are concerned, this process was thought to destroy the personalistic ties of feudal society and replace them with contractual, market-based relations. Marx and Lenin thus saw capitalism as a liberating force. As Lenin wrote:

the old system merely implies stagnation in the forms of production (and, consequently, in all social relations), and the domination of the Asiatic way of life....[but] the **new, capitalist forms of economy constitute enormous progress**, despite all the contradictions inherent in them (Lenin 1977: 207, emphasis added).

The persistence of smallholding agriculture and petty commodity production in some parts of Europe, however, caused some observers to doubt Marxist-Leninist wisdom. Russian economist Chayanov (1966 [1923]) thought that smallholding agriculture and petty commodity production could persist in a "peasant" economy based on its own unique internal logic. He argued that rural people work only to meet subsistence needs, lacking a drive for profits and capital accumulation.

Polanyi (1944) brought Chayanov and the commercialization debate to the attention of anthropology. He classified economies into those based on four different principles: reciprocity, redistribution, householding, and market economies. According to Polanyi, the first three types of economies

were submerged in social relationships (including family ties), but the development of free markets commodified land, labour, and capital and subordinated all other social relationships to economics. Polanyi stressed the destructive aspects of this "great transformation," arguing that the transformation of labour and land into commodities "is only a short formula for the liquidation of every and any cultural institution in an organic society" (Polanyi 1944: 159).

The assumption that market development transforms traditional society became the object of social science debate in the 1970s largely due to the research of Scott (1976) and Popkin (1979) on rural society in Vietnam. An intellectual disciple of Polanyi, Scott assumed that rural people in pre-colonial Tonkin and Annam were traditionally motivated by a "moral economy" based on reciprocity and subsistence rights. He argued that the extension of the market and colonial state into the countryside would result in a break-down of traditional structures, and potentially lead to peasant rebellion and violence if people resisted change. Popkin (1979), however, directly challenged many of Scott's assumptions with data gathered in contemporary Cochinchina. Most importantly, he emphasized the exploitative dimensions of traditional society and the potential benefits of markets, which he argued give rural people greater autonomy from oppressive local elites. Scott and Popkin agree that the extension of markets transforms rural society by subordinating social relationships to market exchanges, yet they differ in their evaluations of whether or not those changes are beneficial. Like Polanyi, Scott assumed that the transformation is destructive, and can lead to violence if peasants rebel against capitalism. Popkin, like Lenin, argued that capitalism would be a more liberating force.

This study addresses these issues in the context of

the leather industry in southern Taiwan. Has capitalism radically transformed the organization of leather production and liquidated traditional Chinese culture, as Marx and Polanyi predicted? Have Chinese leather tanners in Taiwan turned away from personalistic ties and begun to hire more managers and workers on the labour market? Or has Chinese familistic production persisted, with small-scale family tanners taking advantage of flexible production for a global market? If capitalism has changed the organization of production in Taiwan, is it best characterized as a destructive or a liberating force?

2. Industrialization and Labour Relations

Commercialization is also a controversial issue in the literature on industrialization and labour relations. Many scholars have focused on the evolution of labour markets, the process by which firms begin to hire workers on the free market rather than embedding production in existing social institutions such as the family. Scholars working on the articulation between industrialization and traditional culture tend to emphasize either resistance to capitalist labour relations, accommodation between traditional culture and new forms of wage labour, or the reinforcement of new economic structures with certain cultural elements.

Some scholars, although rarely in East Asia, have described industrialization as a process of encounter and resistance (cf. Scott 1985). Ong (1987), for example, argued that woman factory workers in Malaysia use spirit possession as a form of resistance against the newly-imposed capitalist factory regime. Similarly, Nash (1979) and Taussig (1990) discuss how Bolivian tin miners express resistance to new capitalist labour relations through devil worship in the tin mines.

Scholars working in Japan and the newly industrialized countries (NICs) of East Asia, however,

tend to emphasize how traditional culture accommodates or even facilitates industrialization. Sorensen, for example, emphasizes cultural accommodation to industrialization. He argues that Korean villages have adopted modern technology in industry, but still keep old traditions in other areas of life. He rejects Polanyi's idea that participation in market relations is new and disruptive to the rural economy, and notes that rural people in Korea have long had commercial relations with other segments of society (Sorensen 1988: 14). Whereas modernization theory assumes a shift to the conjugal family as the result of industrialization, Sorensen argues that the Confucian family has remained the key to Korean social structure. Even if young people now seek new careers and opportunities in Seoul, they still perceive themselves as members of an extended corporate household, observe the ethics of filial piety, and elder sons are still expected to care for their aging parents (Sorensen 1988: 236).

Others have argued that East Asian traditions actually facilitate and shape industrialization. Weber (1951) thought that Confucian familism would obstruct economic development. Ever since the economic take-off of the "Four Small Dragons," however, some scholars have turned Weber's argument on its head, making the contradictory argument that Confucianism can explain the success of Asian economies or contemporary patterns of labour relations in the region. Sociologist Ezra Vogel, for example, attributes economic growth in Asia to "industrial neo-Confucianism" (Vogel 1991). Abegglen (1958) similarly argued that Japan avoided class conflict and labour unrest because industrial relations were based on the ancient hierarchical relations between the paternalistic master and the loyal subordinate. Hsu argued that the Confucian family is the model for Japanese labour relations (Hsu 1975). Similar Confucian

arguments have also been made for Taiwan (e.g. Chung-hua Institute for Economic Research 1989, Silin 1976, Wou 1992).

These Confucian-based arguments have a certain appeal because they imply that Asian societies have an indigenous capitalist ethic equal to or even superior to the Weberian Protestant Ethic. Nonetheless, they are theoretically problematic and often logically unsustainable. If Confucianism alone can account for Asia's remarkable economic performance, why did the take-off occur only recently and not much closer to the time of Confucius, some 2500 years ago? And why has China, the homeland of Confucius, lagged behind Japan, Korea, and Taiwan?

In recent years, several scholars have worked out new approaches to the relationship between culture and labour relations. Most importantly, they have questioned the ideological contention that present-day labour relations are merely an extension of feudal traditions or Confucian family values in a new context. Some historians have documented how Japan's modern labour relations are instead the result of struggle and compromise among the main actors of industrialization -- the state, capital and labour (Gordon 1985, Garon 1987, Bernier 1988, 1995). Anthropologists in South Korea (Janelli 1993, Teal 1995) and Japan (Kondo 1990) have argued that cultural themes, including the theme of company as surrogate Confucian family, are not objective explanations for particular forms of labour relations. Rather, they are contested metaphors through which the actors of industrialization interpret conflicts and promote their interests. In chapters five and six of this work, I will discuss how labour relations in the Taiwanese leather industry have been influenced by the expansion of capitalist institutions there.

3. *Ethnography of Southeast Chinese Communities*

The subjects of family labour and wage labour have long been important in the history and ethnography of China. Marx (1989 [1867]) and Wittfogel (1931) argued that China's development stagnated, among other reasons, because production was limited to small family enterprises. This argument was revived more recently by economic historian Huang (1990), who attributes China's "involutionary" growth prior to 1980 partly to the familization of craft production that until recent years propped up smallholding and prevented capital accumulation in larger industrial undertakings.

Due to the scarcity of major industrial enterprises in China before 1949, most historical studies on the introduction of wage labour focus necessarily on treaty ports, where foreign capitalists introduced factory production and wage labour relations. Chesneaux (1962) argued that the introduction of a capitalist labour regime in the treaty ports led to the creation of a modern working class and unified resistance against capitalist labour relations. Later studies of cotton spinners in Shanghai (Honig 1986) and other industries in Tianjin (Hershatter 1986) take a different approach. They emphasize capitalist accommodation to Chinese culture rather than conflict and resistance, as labour relations continued to be structured by traditional Chinese institutions, including family, local place associations, and sworn brotherhood associations like the Triads. Lydia Kung's (1994) anthropological study of women workers in a large electronics factory in Taiwan also emphasized accommodation to local culture, as the working lives of Chinese daughters were still subordinated to the needs of the Confucian family.

The dominant theme in the anthropological literature on Chinese labour relations is family. Anthropologists have long observed the significance of

family labour in agricultural production (Cohen 1976). The focus on the family persists in studies of Chinese entrepreneurship in Taiwan (Stites 1982, Niehoff 1987, Shieh 1992, Skoggard 1996), in the contemporary PRC (Bruun 1993, Croll 1994) and Chinese communities in the diaspora (Oxfeld 1993). Several studies base their arguments on their perceptions of intrinsic Chinese values as the motivation for economic behavior. Bruun (1993), for example, argues that Chinese entrepreneurs in Chengdu make business decisions based on Confucian values. These values are above all freedom from physical labour and the centrality of the patrilocal family. Harrell (1985) postulates the existence of a "Chinese entrepreneurial ethic" which puts the family at the centre of business decisions.

As for the industrialization of Taiwan, it has been argued that the familistic ideology of small Chinese-owned firms there has obscured the "self-exploitation" of rural households in the labour market (Niehoff 1987), inhibited the development of working class consciousness among subcontractors (Shieh 1992), and justified the use of unpaid female household labour in family firms (Skoggard 1996). Susan Greenhalgh (1994) has been especially critical of Confucianist approaches to Chinese business. She argues that the division of labour in Chinese firms is not the natural reflection of tradition but a political construction of the family/firm head, who is pressed to build a firm out of family resources by several features of the national and global political economies. According to her, the Confucian thesis is a form of Orientalist economics that arose in the context of, and in turn supported, a very conservative politics in the United States.

Although Taiwan is usually depicted as an island of small entrepreneurs, there is still no solid consensus on how to characterize its industrial structure. Wade

(1990) warns that the small-scale image of Taiwanese industry is exaggerated, since the share of manufacturing value-added held by firms with 500 employees or more is actually high by world standards. Firms of that size accounted for 57.9% of manufacturing value-added in Taiwan, compared to 48.7% in the US, and under 40% in Japan (Wade 1990:68). In many Taiwanese industries, however, the production of small firms may escape official statistics, as Skoggard (1996) found in a study of the shoe industry. Aggregated industrial statistics, moreover, may give a false impression of private industry because they include massive state industries, primarily in petrochemicals. The difficulties of using aggregated statistics, as well as tendencies of small producers to escape industrial censuses, render broad generalizations about Taiwanese industrial structure inadequate. Economic studies thus need to be complemented with ethnographic studies of specific industries that can identify and study small family workshops as well as large factories. In 1996, I went to Taiwan to do just that. Leaving behind the abstract world of anthropological theory, I entered the complex social reality of the island's contemporary leather industry.

My First Contact with Leather Tanning

I arrived in Taipei on a hot, muggy day in August 1996. At that time, I knew more about Marx and Weber than I did about the daily realities of economic life in Taiwan. Yet as I walked the streets of Taipei, my initial impressions seemed to confirm received wisdom about Chinese economies as spider webs of small family enterprises. Everywhere I went, I passed numerous small noodle stands, motorcycle repair shops, hardware stores, bookstores, and other petty enterprises. Since the shops were small and I saw children in them, I assumed they were all family firms. Suddenly one day,

the sidewalks were full of religious activity, as beauty parlors, restaurants, karaoke bars, businesses of all kinds, even McDonald's, set up tables of food in front of their establishments, lit incense, and burned paper money. On the second and sixteenth days of the lunar month, it was explained to me, Chinese entrepreneurs make ritual sacrifices and ask for business success. Thus, the retail sector appeared to me as a cultural universe structured by family and by religion. Yet I had come to study manufacturing, and was anxious to start learning about leather tanning.

A few days later, I made an appointment with the Taiwanese Leather Tanning Association and arrived at their office with a letter of introduction from Academia Sinica. The association office, like most offices I would visit in Taiwan, was an open working environment, with all the desks in one room, rather than separated into different offices. The room was cluttered with books and documents. Samples of leather were scattered on a sofa in the reception area near the door. At the front desk, a woman was working on a spreadsheet program on an IBM computer. An older man in the back of the office sat at his desk, reading the newspaper and drinking tea. Two younger men in the back of the room were engaged in conversation.

The woman looked up from her work, and asked whom I was looking for. I showed her my name card and letter of introduction, explaining that I was an anthropologist doing research on the Taiwanese leather industry. I had brought a working draft of my interview questions, and was hoping to get some research advice and introductions to tanneries. Taking note of my presence, the two young men in the back of the office came out and introduced themselves. One was Mr. Tang, the general manager of the association. The other, a plump young man with glasses, introduced himself to me

as an M.A. student from Taiwan National University doing thesis research on environmental protection in the tanning industry. Mr. Tang invited us both to have a seat in the reception area, and poured us some tea.

He began our discussion by praising the quality of Taiwanese leather, emphasizing that it is made with the most modern technology available, and then turned to our respective research problems. He frankly explained that he could not write us letters of introduction or help us get access to tanneries. He frequently encounters such requests from graduate students writing theses or undergraduate students writing research papers, and he could not comply with all of them. He encouraged us instead to approach the factories ourselves and let them decide if we could study them or not. He explained that the tanners are busy, and they don't need pressure from the association to do things that are not part of their jobs. He cautioned us, moreover, that getting access to factories is very difficult, and suggested kindly that we should perhaps find different research topics.

Mr. Tang then requested to look at my research questions. He advised me to avoid asking questions about prices and money, as they may question my motives, suspecting I am working for the government or for a competitor. He found one question so strange, he laughed heartily as he read it -- the question if any relatives work for free in the factory. "No one in the world does that anymore," he said. "They can all go out and earn money themselves." I said many studies indicate that wives or daughters work for free in family firms, and asked if that were possible. He said it's no longer possible in the present-day economy, and suggested it might be more relevant to ask about foreign workers. He gave us both a current directory of tanneries, and sold us the Tannery Association

handbook. We thanked him for his help, and left the office. A few days later, I moved to Tainan, the centre of the leather tanning industry in Taiwan.

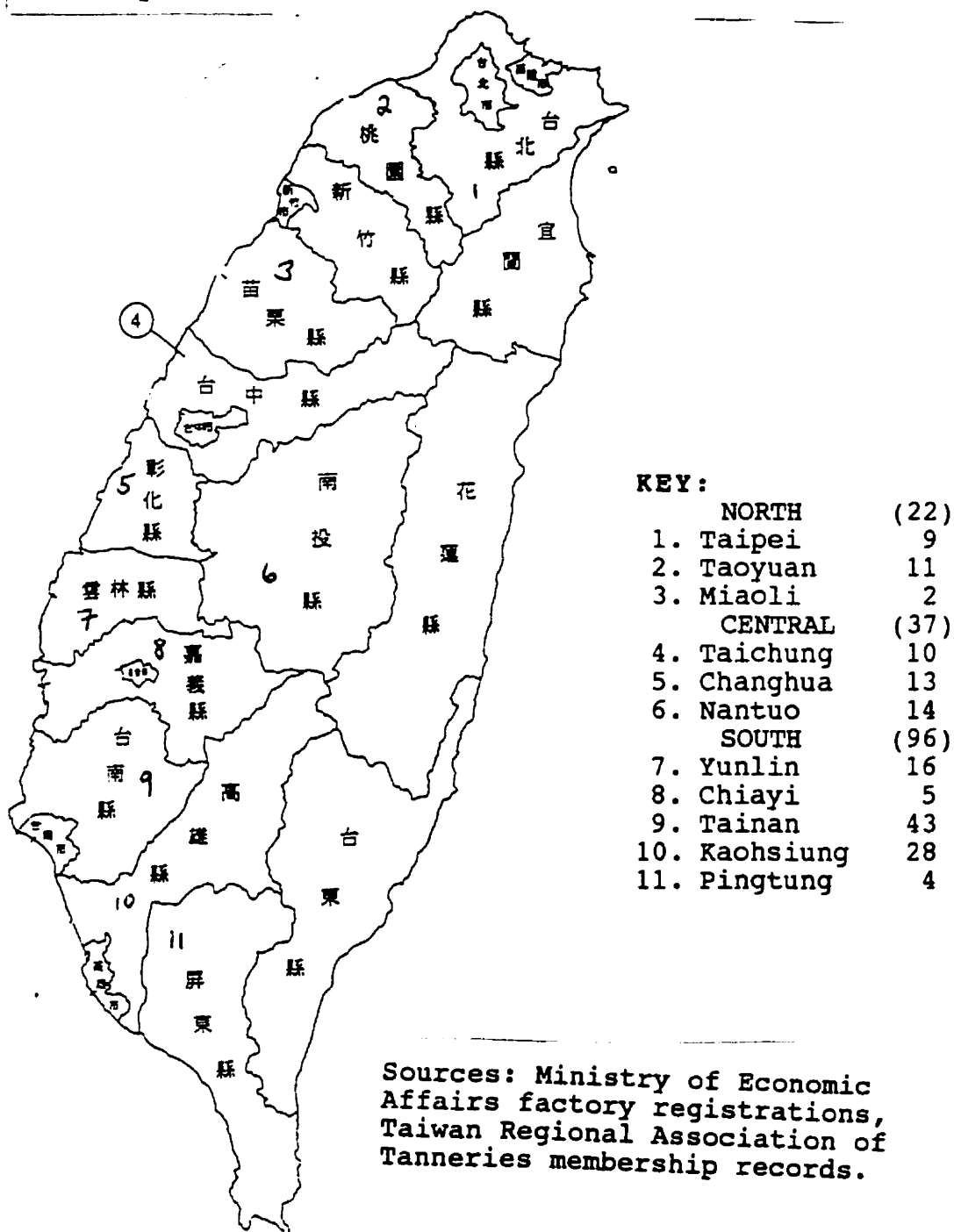
The Field Site: Southern Taiwan

Southern Taiwan is the traditional centre of the island's tanning industry. Most tanners attribute this to climate. In the early days when hides were still dried in the sun, the warm and sunny climate of Southern Taiwan was more suitable than northern Taiwan for leather tanning. The southern city of Kaohsiung, for example, has an average annual temperature of 24.4 degrees Celsius and an average of ninety-seven rainy days annually. Taipei, on the other hand, has an average temperature of twenty-two degrees and rains on average 182 days a year (Government Information Office 1997: 8).

Although hides are now dried by machine, most tanneries are still located in the south. Records kept by the Tannery Association and Ministry of Economic Affairs indicate that ninety-six out of the 155 (62%) registered tanneries are located in the South. Tainan County, with forty-three tanneries, dominates the industry. Kaohsiung County, with twenty-eight tanneries, runs a close second. Four other tanneries are located in Pingtung County, just across the county line and adjacent to Kaohsiung City. Chiayi County has five tanneries, and Yunlin County has sixteen. In the first year of my field research, I visited all of the tanneries in Southern Taiwan, and some of the tanneries in central Taiwan's Changhwa County. I focused most of my research attention on Tainan and Kaohsiung, however. The map on the following page indicates the distribution of leather tanneries in Taiwan.

Map 1: Distribution of Leather Tanneries in Taiwan

Ninety-six out of Taiwan's 155 registered tanneries (62%) are located in the South. The geographical distribution of Taiwanese tanneries is indicated below. Figures for Taipei, Taichung, Chiayi, Tainan, and Kaohsiung indicate total figures for both the county and the city.



Methodology

I began my study with the membership directory of the Taiwanese Leather Tanning Association, which lists ninety-six members. Since membership in the association is voluntary, however, not all tanneries are members. A more complete listing is found in the industry register kept by the Ministry of Economic Affairs (MOEA), as all factories are required to register with the government. I was unable to find any underground, unregistered tanneries, although I am aware of underground factories in other industries. Due to the strong stench of tanning and large amount of water pollution it generates, it would be difficult to conceal a tannery from local officials for any long period of time. Neighbors, as well, are likely to complain in these days of increasing environmental awareness. Due to the special characteristics of the industry, I do not believe that tanneries could easily escape notice by the MOEA.

I approached the tanneries in a number of ways. I had been told by scholars at Academia Sinica, Taiwan's leading research institute and my sponsoring institution on the island, that I would need personal introductions to get access to tanneries. For the first four months of my research, I concentrated on meeting as many people as possible in Tainan and cultivating a network of contacts. In one case, that worked well. A professor at Academia Sinica introduced me to a friend at President Enterprises, a multinational corporation with roots as a Chinese-owned family textile company in Tainan during the Japanese period. He then introduced me to a former employee who had left that company to invest in a tannery in Tainan County. That contact turned into a vital key informant and a good friend. In other cases, that tactic backfired, as tanners found it relatively easy to turn down a request offered through

an intermediary. One friend boasted that she was on good terms with her former employer in a leather tannery, and could easily secure me an interview. She took me to the tannery, only to be refused. In one case, which I was sure would be an easy success, a tanner turned down a request from his own son to let me interview him. Attempts to gain access through introductions from a downstream shoe factory were equally unsuccessful.

After a few months of unsuccessful attempts to get interviews, I considered changing my thesis topic and discussed that possibility with my neighbor, a middle-age divorcée who independently runs several successful businesses in Tainan. She explained to me that Taiwanese people usually don't like to refuse people directly to their face, and suggested I go to the tanneries myself. I soon discovered that she was right. The most successful way to get interviews was simply to show up unintroduced at the tanneries myself. The novelty of a Chinese-speaking foreigner showing up at the gate was probably enough to get me access to management, and probably with higher levels of success than a native anthropologist might have had. In most cases, I was offered tea, and if I showed up near meal time, I was often invited to stay around for a free meal. This tactic even worked at tanneries that had previously refused my requests made through intermediaries. In the end, I was only refused by four tanneries.

I arrived at each tannery with a rather innocuous looking survey, designed primarily to remind me to ask the same demographic and basic questions of each tannery. The survey, however, was a Trojan Horse strategy, as I used it to gain access to tanners and their wives. Most of them ended up granting me longer in-depth interviews about their own personal career

histories. Out of the ninety-six tanneries on my list of tanneries in Southern Taiwan, I found that twenty-four had already gone out of business. I got interviews with sixty-eight of the remaining tanneries, as well as with the CEO of one large and influential tannery which recently had closed down. Fifty-one granted me in-depth interviews, but the remaining seventeen merely filled out my survey form quickly before sending me on my way. One tanner even encouraged me to work in his tannery for a few days in order to experience the work first-hand.

Although the data gained from these interviews make up the bulk of my research materials, I also conducted research on the history of the industry. I used industry registers collected by government ministries, county gazetteers, other local histories, and records left behind by the Japanese about the industry during the Japanese occupation. The Tainan Municipal Library contains a large collection of documents from the Japanese period, and was of invaluable assistance in my research on that period. The data I gained from industrial censuses and interviews allowed me to examine the following initial working hypotheses.

Initial Working Hypotheses

Explanations of industrial structure in Asia usually emphasize either culture or institutions. The initial goal of this study was thus to examine different explanations of economic development, using the Taiwanese leather tanning industry as an example. I constructed my hypotheses based on the following theoretical arguments:

1. *Culture and Economics*. Influenced by Weber (1930, 1951), many scholars have used culture to explain the structure of Chinese economic institutions. Recently, for example, Fukuyama (1995) categorized societies on a continuum from low- to high-trust societies, arguing that the strength of the Chinese

family, combined with a distrust of outsiders, leads to an industrial structure dominated by small, short-lived, labour-intensive family enterprises. Sociologist Francis Hsu, in a work first published in 1953 but revised twice since then, has been the strongest proponent of the cultural thesis. He contrasted American culture as individual-centered and Chinese culture as situation-centered or group-oriented (Hsu 1981: 12). He argued that this distinction in deeply ingrained cultural structures can explain China's economic history:

The personal security of the individual American lies in his conquest of the physical environment, staking out a world of his own in which he can exclude others if he so wishes, because of his premise of self-reliance. His Chinese counterpart finds security within the kinship and primary circles, helps his relatives and shares his troubles with them, because of his premise of mutual dependence. This is the basic reason the Chinese never developed a capitalistic system on their own and why they did not adopt it when challenged by the West (Hsu 1981: 319-20).

Some anthropologists have employed Hsu's logic to explain Chinese economic behavior. Potter and Potter, for example, argued that Chinese people work for group benefit, and contrasted their work ethic to that of Westerners who work primarily for personal fulfillment and satisfaction (Potter and Potter 1990: 320). Particularly relevant to this study, of course, is Oxfeld's study of Chinese leather tanners in Calcutta. Appropriating Harrell's (1985) concept of a "Chinese entrepreneurial ethic" and incorporating it into a Chayanovian framework, she argued that a culturally specific Chinese ethic encourages the proliferation of small, labour-intensive workshops that rely on kin and

social networks in labour hiring.² In a concluding discussion that favorably mentions Hsu, she argues that Chinese people are more holistic and group-oriented than Westerners (1993: 215-222).

2. *Institutional economics*. Many scholars have drawn attention to the effects of institutions on economic structure. North (1990), for example, views economic development as a history of successfully lowering transaction costs through institutional innovations, thus increasing the gains from trade. In this perspective, it is costs and institutions rather than simply cultural values that guarantee trust and reduce risk in business transactions. In a study of the informal sector in Peru, for example, de Soto (1989) argues that taxes and regulations raise transaction costs for entrepreneurs in the formal sector. Elaborate ways of circumventing onerous taxes and regulations raise transaction costs in the informal sector, leading to inefficient use of resources. De Soto thus calls for fewer regulations and lower taxes for entrepreneurs, as well as better enforcement of property rights and contract law.

Institutions have also been used to explain economic success and failure in East Asia. The World Bank, for example, studied public policy and economic growth in eight Asian economies, concluding that they attained economic growth by saving and investing high proportions of GDP, investing in education, keeping income inequality moderate, and above all, by pursuing "market friendly" policies that maintain macroeconomic stability, promote private initiative in free markets, and limit government intervention in the economy (1993).

² Harrell himself, however, did not argue that the Chinese entrepreneurial ethic leads to small, family firms. He merely argued that Chinese people work hard to benefit their families. He noted, moreover, that "these presumably are goals that families in most other complex societies hold as well" (Harrell 1985: 224).

In this perspective, markets, schools, and market-friendly government institutions are central to economic growth.

Whereas the World Bank emphasized market institutions, other scholars (Amsden 1979, Gold 1986, Ho 1978, Wade 1990) have drawn attention to the role of government institutions in the Taiwanese economy from the Japanese period to the present. Guomintang policies in Taiwan, they argue, governed the market and directed it in certain directions, but nonetheless promoted private enterprise. Sociologists Nee (1992) and Lyons (1994) look at institutional problems in contemporary mainland China that inhibit private enterprise there. Those problems include arbitrary taxation, poorly specified property rights, lack of a free market in land, and poor enforcement of contract law. According to this paradigm, economies with free markets, enforceable private property rights and contract rights provide a good environment for the growth of industry, regardless of culture.

Many anthropologists have taken a compatible political economy approach to Taiwan. Stevan Harrell, for example, argued that communities with the same social structure but different contexts will differ in social organization (1982: 208). Daniel DeGlopper (1979), for example, demonstrated that small firms there are not merely a "survival" of pre-capitalist days, but instead have been sustained by an export boom which gave them an expanded clientele. Susan Greenhalgh (1988) has consistently drawn attention to how family firms in Taiwan have been created and shaped by Taiwan's shifting political economy. This argument is perhaps best summed up in the words of Hill Gates:

Many cultural patterns in contemporary Taiwan which are claimed by the Guomintang to be continuities from the Chinese past are the consequences of the shaping effect of a specific political economy on Chinese culture, not simply of the independent

operation of that culture, or the blind persistence of tradition (Gates 1979: 405).

Main Research Hypotheses. Keeping these two theoretical paradigms in mind, I oriented my research toward examining the following two hypotheses:

1. *The "Chinese Entrepreneurial Ethic" Hypothesis.* According to this hypothesis, *industrial structure is determined by culture and Chinese firms will be small, labour-intensive, family enterprises.* This hypothesis is based on a Chayanovian assumption that the firm is synonymous with the family, and splits up as families divide. As Oxfeld notes in her study of Chinese tanners in India (1993: 155n), sinologists have long emphasized the relationship between domestic cycles and the organization of labour in family enterprises, assuming a Chayanovian dynamic in all Chinese economic units (Cohen 1976, Freedman 1966, Lang 1946, Levy 1963). In my interviews with Chinese tanners in Taiwan, I gathered information on the size of firms, the use of kin vs. labour markets in hiring, and trends in business and family histories. If these tanneries had indeed remained small, labour-intensive, family firms like their Chinese-owned counterparts in India, I would not have refuted the culture hypothesis. Since, however, many Taiwanese tanneries had become significantly larger and less family oriented than their counterparts in India, I rejected the hypothesis that Chinese culture leads to a particular form of economic organization. In any case, however, it still remained to examine other variables, especially institutional ones.

2. *The Institutional Context Hypothesis.* If Oxfeld had compared Chinese to Indian tanneries in Calcutta, she would have found that Indian tanneries were also small, labour-intensive, family firms (Prasad 1991, Sinha 1992). Similarities between Indian-owned and Chinese tanneries in Calcutta could be explained by

either similar cultural tendencies towards small, family firms, or by common constraints created by India's institutional framework marked by high taxes and tariffs, as well as complicated bureaucratic procedures. I examined the hypothesis that a *"market-friendly" institutional context leads to larger firms with professional rather than kin-based hiring practices.*

Economists Johnson and Sheehy (1995) have developed the Index of Economic Freedom which quantifies market-friendliness by analyzing trade policy, taxation policy, government consumption of economic output, monetary policy, capital flows and foreign investment, banking policy, wage and price controls, property rights, regulation policy, and the extent of the black market. Countries are ranked according to these variables and in a composite ranking on a scale of one to five. The freest economy receives a score of one, whereas five is the most repressed.

Although the index is imperfect (statistics gathered by different countries are only roughly comparable, it is difficult to gain accurate statistics about the black market or informal economy, etc.), it makes it possible to examine the *"market-friendly" institutional context hypothesis.* India earned a score of 3.70, making it mostly unfree. Taiwan got a score of 1.95, one of the freest economies in the world. Canada, to provide a western example, got a score of 2.0. I could not refute the institutional context hypothesis since Taiwanese leather tanneries are significantly larger, more capital-intensive, and use a greater percentage of non-family labour than Chinese tanneries in India. If, however, Taiwanese tanneries had followed the same patterns as those studied by Oxfield in India, I would have rejected the hypothesis, and concluded that a market friendly institutional context is not an important variable in the industrial

structure of leather tanning.

Initial Hypothesis Testing

Firm Size and Chinese Culture

I began by examining the first hypothesis, looking at the use of non-family labour, comparing Oxfeld's sample of Chinese-owned tanneries in Calcutta, to the seventy-two tanneries in southern Taiwanese. My data come from sixty-eight interviews and government statistics on the firms in my study. In Oxfeld's sample of forty-six tanneries in India, the smallest employed four, the largest employed 150, and the median was nine workers. In southern Taiwan, the smallest tannery has four workers and the largest employs 300. The median number of tannery workers is forty-five. In Canada, to provide a western reference for comparison, the average number of workers in tanneries is thirty-five (Statistics Canada 1993: 20). In the United States, the average number of workers per tannery is fifty (U.S. Census Bureau 1993).³

Table 1:2 Number of tanneries by size group

Size group	Taiwan	India ⁴	Canada
1-4 workers	1	34 (<16 workers)	8
5-19	18		3
20-49	24	12 (>16 workers)	6
50-499	29		5
Total	72		22

Sources: field research, Statistics Canada 1994, Oxfeld 1993

In India twelve out of the forty-six tanneries studied by Oxfeld had sixteen or more workers and were considered large. Thirty-four had fewer than sixteen workers, thus considered small. In Taiwan, however, almost all of the tanneries fall into Oxfeld's category of large tanneries. Canadian tanneries, in fact, are on average even smaller than Taiwanese tanneries, falling

³ Government statistics in Canada and the United States refer to the average number of workers. Oxfeld uses the median.

⁴ Since raw data are unavailable, I use Oxfeld's division into small and large tanneries.

midway between those owned by the Chinese of Calcutta and those owned by the Chinese of Taiwan. In Taiwan, the large tanneries play a greater role in society than the small tanneries, simply because most tannery workers are employed in large firms. Seventy-eight percent of Taiwan's tannery workers are employed in tanneries with fifty workers or more. Less than five percent work in tanneries hiring less than twenty workers. It seems, therefore, that whether a tannery is owned by Chinese people or not cannot predict firm size. I thus reject the hypothesis that a Chinese entrepreneurial ethic leads intrinsically to small-scale production.

Firm Size and Market Friendliness

What about the market-friendliness hypothesis? Does a market-friendly institutional context lead to larger tanneries? India fared poorly in Johnson and Sheehy's measurement of economic freedom (1996: 166-67). High levels of regulation and wage and price controls, combined with high taxes and government policies that redistribute wealth, often through direct property expropriation, put significant barriers on economic activity and make it unprofitable for firms to expand beyond a certain size. The Guomindang state in Taiwan, by contrast, has guaranteed private property, set up a legal system to protect it, reformed its banks and financial sectors, stabilized taxes, given away public lands to private individuals, and allowed the free market to expand. These policies fueled Taiwan's rapid economic growth and earned it an overall rating of 1.95 (Johnson and Sheehy 1996: 276-77). Since the mid-1980's, the market leadership of the state described by Wade has increasingly given way to the free market. Private banks have been legalized, for example, and their stocks are some of the most preferred purchases on the Taiwanese stock market. These changes have made Taiwan one of the freest economies in the world.

Canada, burdened by high taxation rates and restrictions on foreign investment, fell in the middle, with a score of 2.00 (Johnson and Sheehy 1996: 89-91). Not surprisingly, Canada also fell in the middle in terms of tannery size.

Table 1:3 Tannery Size and Economic Freedom

Country	Median Tannery Size	Econ.Freedom Index
India	9	3.70
Taiwan	45	1.95
Canada	35	2.00

Sources: field research, Statistics Canada 1994, Oxfeld 1993, Johnson and Sheehy 1996.

In this small sample of three economies, it seems as if there is a possible correlation between tannery size and economic freedom. Based on the evidence available, I cannot refute the institutional context hypothesis. An institutional context based on free markets and a stable system of property rights may very well be the most favorable context for industrial growth. This view was further reinforced by data gathered during the course of fieldwork. Some of the tanners in my study were aware of the Hakka Chinese tanners of Calcutta, and had visited India themselves. When I asked them why Chinese-owned tanneries in India are much smaller than those in Taiwan, they pointed to institutional constraints in India, especially high taxes and restrictions imposed on firms by labour unions. One international leather trader, who has made several business trips to tanneries in Calcutta, attributes the differences in size between Hakka tanneries in Calcutta and Chinese-owned tanneries in Taiwan to different levels of development:

They are small, family tanneries because they are in India. People everywhere are the same. They do business because they want to earn money. But Indian tanneries are small because the market is poor and the economy is underdeveloped. The economy is thus more important than race.

Conclusions

No matter how one looks at it, the Chinese-owned tanneries of Taiwan defy the stereotype of Chinese family firms. First of all, they tend to be larger firms which hire non-family labour, demonstrating that Chinese firms are in no way restricted to family resources in the organization of labour. Secondly, tannery ownership itself is not restricted to the family. In my study, twenty-two tanneries identified themselves as sole proprietorships. Twenty-five said they are joint ventures, but the partners are restricted to relatives. In some of those kin-based joint ventures, the owners proudly noted that they are really sole proprietorships, but they register other family members as partners in order to reap the lower taxes and limited liability benefits bestowed by the state on limited partnerships. Twenty-one tanneries said they are joint ventures with unrelated families or firms. The latter category includes two tanneries listed on the Taipei stock exchange.

In management, as well, Chinese culture does not seem to limit the use of non-family professional management. In the tanneries I studied, thirty-two firms hire unrelated professional managers. In thirty-six tanneries, all of the managers are family members. These sixty-eight tanneries hire a total of 458 people in management, including the sixty-eight owners themselves, 102 managers related to the owner, and 288 managers not related at all to the owner of the company they work for. Thus, excluding the owners, who all act as executive officer, there are 390 individuals employed in management of southern Taiwanese leather tanneries. 288, or 74% of the total, are not related to their employers. Only roughly one-fourth of the managers employed by Southern Taiwan's tanneries are related to the owners of the firms they work for. Chinese

culture, therefore, does not preclude the use of non-family management in industrial enterprises.

Cultural explanations, a traditional domain of anthropology, are thus insufficient as tools to understanding the structure of the Taiwanese leather tanning industry. The widespread use of non-family labour, management and even capital suggests that there is far more to the industry than just a familistic "Chinese entrepreneurial ethic." One must thus look beyond the family at other dynamics. That is the goal of this thesis. In the next chapter, I provide a historical study of the industry, focusing on how Taiwan developed the institutional framework which has permitted the island's tanneries to grow and capture an international market. I then turn to a more detailed ethnographic study of the industry. In chapters three and four, I describe the respective organization of family and non-family tanneries. In the fifth and sixth chapters, I focus on labour, looking first at the labour process itself and then discuss the development of working class identity in Taiwan. In the seventh chapter, I look at cultural expectations about gender and the role of women in contemporary Taiwanese enterprises. In the eighth chapter, I look at the relationship between industry and nationalism in Taiwan and the role of the leather industry in cross-straits relations. In the ninth and final chapter, I return to theory, reflecting on what this study can teach us about economic development and cultural explanations of economic behaviour. I now turn to a discussion of the history of the leather tanning industry in Taiwan. What historical factors have contributed to the growth and current structure of the industry?

The Chinese have been making leather for thousands of years, but it has only been enough to cover their own bodies. Taiwan only has a modern tanning industry because of foreign technology. The industry was started by the Japanese, the chemicals come from Germany, the machines come from Italy, and the workers come from Thailand. We use German chemicals and learned how to tan leather from Bayer. Leather tanning has nothing to do with Chinese culture (a Yunlin County tanner, 1996).

Chapter Two

Hides and Leather: Part of Taiwanese History

Leather, as Taiwan's earliest export commodity, has played a key economic role on the island since prehistoric times. A history of the Taiwanese hide and leather trade thus well illustrates the island's incorporation into and changing position in the global world economy. Eric Wolf (1982) was one of the first anthropologists to take a global historical approach, showing how the world's peoples have long been connected by global trade. Those trade patterns, in fact, have had a major impact on how nations are formed and cultures created. Trade in leather has been one of the factors which incorporated Taiwan into the world economic system and made it what it is today.

The Dutch Era (1624-1662)

Like other Pacific islands, Taiwan has long been home to an outward-oriented island society populated by seafaring traders and adventurers. Until the seventeenth century, Taiwan was inhabited by nineteen aboriginal groups who subsisted primarily from deer hunting and swidden agriculture. These groups had a long seafaring tradition, with frequent contact with other Pacific islands, most especially the Philippines. The languages of the island's aborigines belong to the Austronesian language family, a language family which includes also Polynesian, several languages in Melanesia, and Indonesian. Some scholars argue that Taiwan may have been the originating point of this language family, which radiated outwards with Taiwanese-based seafarers (Bellwood 1996, Spriggs 1996).

Taiwan's location on potentially lucrative regional trade routes and its ready supply of deer hides eventually attracted new occupants, including so-called "Japanese" pirates, actually a mix of Japanese, Chinese and Korean sea-traders who set up small settlements in

what is now Tainan. By the beginning of the seventeenth century, the aborigines were selling 200,000 deer hides a year to these traders, who traded skins, deer meat, and fish products to China and Japan (Kho 1996:12).

The Chinese imperial government, however, perceived the island as a savage domain occupied by dangerous pirates and barbarian aborigines. Fear of this region and its inhabitants led the early Qing Dynasty government to forbid people to trade by sea, and for a while they even forcefully relocated the Chinese inhabitants of coastal Fujian and the Pescadore Islands inland. As recently as the reign of the Qing Dynasty Qianlong emperor (1711-1799), court historians dismissed Taiwan, writing that "Taiwan has always been a barbarian land; it has no connections with China" (Kho 1996: 4).

It was Europeans, rather than Chinese, who first saw commercial value in the island. As part of their imperialist ambitions in East Asia, the Dutch attempted to take over the Pescadore Islands in 1622, but were repelled by the Ming military who saw that takeover as a direct threat to the Chinese mainland. Seeing little value in Taiwan, however, the Ming government gave the Dutch permission to take the island. The Dutch established their first forts in Taiwan in 1624, setting up their government in what is now Tainan. When they arrived, the area was populated largely by coastal aborigines, but also by Japanese traders and Chinese hunters, fishers and traders. The Spanish briefly established a settlement in northern Taiwan in 1626 but ceded it to the Dutch in 1642.

Since large-scale rice or sugar cultivation had not yet been established on the island, the Dutch were primarily interested in deer meat and skins, and focused on the hide trade in the early years of their presence. They soon began developing Taiwan into a trade centre

and agricultural colony, using aboriginal land and Chinese labour. As the aboriginal population was insufficient for their labour requirements, they brought in Hokkien-speaking¹ settlers from China's Fujian Province to open up farmland and raise sugar. The Dutch established a taxation system, imposing farming taxes, fishing taxes, hunting taxes, import and export tariffs, and a head tax on all Chinese inhabitants. The chief export products at the time were deer hides and sugar, destined primarily for the Japanese market. They bought deer hides from both Chinese and aborigines, and extracted hides from the aborigines as taxes. In the 1630s, they exported an average of 100,000 deer skins a year from Taiwan to Japan. Table 2:1 shows the extent of the deer skin trade during the Dutch period.

Table 2:1 Deer Skin Exports During the Dutch Period
(Unit=pieces)

Year	All kinds	Large deer	Mtn. goat	River deer
1634	111,840	5,116		
1638	151,400			
1641	51,060			
1642	19,140	1,150		1,330
1643	61,580	3,212	550	
1644	39,020	41,547	1,764	
1649	27,050			
1650	82,874			
1651	43,530	400		1,010
1652	91,572	6,920		
1653	54,700	2,000		
1654	27,240	4,880		
1655	103,660	8,000	1,274	450
1656	73,022			
1657	60,344	5,336	3,443	
1658	94,474	6,380	4,937	
1659	73,110		15,400	
1660	64,898			
1661		2,180	600	

Source: Yang (1992: 212)

The Reign of the Zheng Family (1661-1683)

Due to political turmoil on the Chinese mainland,

¹ Hokkien, also known as *Minnanhua*, is the dialect of Southern Fujian Province. It is now the most widely spoken dialect in Taiwan, and referred to by most Taiwanese people as "Taiwanese."

however, Dutch rule in Taiwan did not last long. In 1644, the Manchus took over China. Although the Ming emperor himself fled to Southeast Asia and was killed in Vietnam in 1661, Ming loyalists continued to resist the Manchus. One of the wealthiest Ming supporters was Zheng Chenggong, known in English as Koxinga. Koxinga was born in 1624 to a Japanese mother and a Hokkien Chinese father from Taiwan. Coming from a wealthy pirate and trading family with commercial links extending from Nagasaki to Macao, he commanded a significant private naval force. Throughout the 1650s, Koxinga fought the Manchus up and down the East Coast of China, but he was eventually defeated by Manchu troops in Fujian. He retreated to Taiwan, where his navy defeated the Dutch after a nine-month military stand-off.

Koxinga brought with him a massive influx of Han Chinese immigrants,² and the Chinese conquest of the island began in earnest for the first time in history. Before his arrival, the Taiwanese population of 100,000 people only included 20-30,000 Hokkien-speaking Chinese, who lived amidst the aborigines mostly in what is now the Tainan region. Koxinga brought in an additional population of 30,000 soldiers. When the Qing Dynasty sealed off the East Coast, once again forbidding settlement near the sea, an additional 60-70,000 Chinese fled to Taiwan. For the aboriginal occupants of the island, Koxinga's rule was worse than Dutch imperialism, as it marked the beginning of conflict between Chinese settlers and aboriginal inhabitants. Some of the plains aborigines moved up into the mountains, but most were eventually sinicized through intermarriage with Chinese

² Han Chinese refers to the speakers of the various Chinese dialects. They are often referred to as Han Chinese to distinguish them from the Manchus, Mongolians, Tibetans, and other ethnic minority or aboriginal populations who live in Chinese-occupied territories.

settlers (Brown 1996, Shepherd 1993). Having seized the lands of the Dutch East Indian Company, Koxinga's government instituted a land reform, bringing the Chinese land tenure system to Taiwan. Most of the plains on the West Coast were opened up for agriculture and taken over by Chinese settlers. A heavy taxation system was set up, including obscure taxes such as a "special occupation" tax on Buddhist monks. As under Dutch rule, aborigines were forced to pay tribute in deer skins (Kho 1996: 34).

Koxinga died of malaria in 1662, only one year after taking Taiwan, and was succeeded by his son Zheng Qing. After his death, he received the posthumous title of "Kai shan wang,"³ meaning the "king who opened up the mountains." Unable to trade with the Qing Dynasty, who perceived the Zheng family as a dangerous enemy force, Taiwan under the rule of the Zheng family established closer trade relations with England and Japan. The Zhengs, however, did not relinquish their dream of recapturing the mainland in the name of the Ming Dynasty, and Zheng Qing spent most of his career on unsuccessful military expeditions in Fujian. Finally in 1683, the Qing military conquered the Zhengs and took over Taiwan, making it administratively a part of Fujian Province.

Taiwan Under Manchu Rule (1683-1895)

For the Manchus, however, Taiwan proved to be a difficult place to rule. Since Taiwan had long been a haven for pirates and rebels, the Qing government took strict measures in the early decades of their rule to keep the island peaceful. Mountain aborigines, for example, were not allowed to descend into the plains, and Chinese were not allowed up into the mountains. In the early years of Qing rule, immigration to the island was restricted. From 1684 to 1788, Chinese women were

³ 開山王

not permitted by Qing law to immigrate to Taiwan (Brown 1996: 51). Ignoring laws limiting contact between Chinese and aborigines, especially the ban on mixed marriages, many lonely Chinese men sought out aboriginal women as mates and wives. Taiwanese people still refer to their mixed ancestry, saying that "We have Tang Mountain (China) fathers, not Tang Mountain mothers."⁴ Some "native Taiwanese," a term which refers to the Hokkien-speaking people of Taiwan, claim to be descendents of Hokkien Chinese settlers and their aboriginal wives. Many contemporary Taiwanese customs, such as the chewing of betel nuts, were learned from the aborigines.

In spite of the limits placed on immigration to Taiwan, many Chinese still made their way across to the island. Those who made the risky, often illegal journey, were often young, down-and-out men from the mainland. They came without jobs, worked as farm hands during the busy seasons, and spent the idle seasons gambling, drinking and making trouble. With a restless, destitute and young population, Taiwan was a fertile ground for anti-Manchu rebellion, as well as general riots and violence. In the 212 years of Manchu rule, in fact, there were over one hundred incidents of mob violence. Taiwan became known as a place with "a small rebellion every three years, and major chaos every five."

In the eighteenth and nineteenth centuries, the Qing court began to encourage further settlement of Taiwan. The majority of immigrants settled down as tenants on land sold or granted by the imperial state in large blocks to land speculators for subdivision into small family farms. Although the landlord held subsoil rights, the tenants held permanent topsoil rights and could not be evicted as long as they continued to pay

⁴ 有唐山公，無唐山媽。

rent (Wickberg 1981: 212-13). Many tenants rented their land to other families, leading to a complicated land tenure system in which the same plot of land could have one owner and two tenants.

Economically, Taiwan imported manufactured consumer goods from the Chinese mainland, and exported agricultural products, primarily sugar, tea, rice and camphor, a product used in Chinese medicine. By the late Qing, the Taiwanese deer population had been largely exterminated by hunting, and the deer hide trade declined accordingly. As the Chinese have long been familiar with money and wage labour, many families engaged in wage work, commerce, or industry in combination with agriculture, and not all businesses were small (Gates 1987: 37).

Due to Taiwan's strategic location, foreign powers began to covet the island. In the 1870s, Japan began to encroach on Taiwan, signing treaties with aborigines and establishing a military presence on the Eastern part of the island, an area which had previously never been claimed by the Qing. In the 1884-85 war between France and China, the French attempted and failed to gain a stronghold at Keelung and then retreated to the Pescadores. In the subsequent 1885 Treaty of Tianjin, the French agreed to withdraw from the region. In exchange, however, China agreed to withdraw its traditional tributary reign in Vietnam, giving France control of that Southeast Asia state. The conflict with France underlined the importance of Taiwan to both China and Japan as a defense wall against foreign military expansion.

In 1884, Taiwan was made a province of China, with Liu Mingchuan as the first governor. The Qing Dynasty, anxious to halt the foreign encroachments on its territory, implemented a "self-strengthening movement," encouraging technological development and the

introduction of new institutions. Under the leadership of Governor Liu, Taiwan was at the forefront of this movement. Taipei became the island's commercial and administrative centre. Ports were improved, the first stretches of railroad were laid from Keelung to Hsinchu, the first telegraph lines were put into place, and some modern schools were established. In a move against the Japanese, the Qing government built roads through the mountains and began to develop the Eastern half of the island. In 1888, Taiwan became an independent province, separate from Fujian. These early modernization reforms, however, were superficial and proved insufficient to keep the island in Chinese hands, especially facing the threat of Japanese imperialist ambitions.

Taiwan as a Japanese Colony

A rapidly modernizing Meiji Japan, in its desire to compete with the West, sought to build up a colonial empire of its own. As Yosaburo Takekoshi, a contemporary member of the Japanese diet, wrote in the introduction to his book on Japanese rule in Taiwan:

Western nations have long believed that on their shoulders alone rested the responsibility of colonizing the yet unopened portions of the globe, and extending to the inhabitants the benefits of civilization; but now we Japanese, rising from the ocean in the extreme Orient, wish as a nation to take part in this great and glorious work (Takekoshi 1996 [1907]: vii).

Japan focused its imperialist ambitions on the neighboring regions of the Korean Peninsula, Hokkaido, the Ryukyu islands, and Taiwan. In 1894-95, Japan and China fought over Korea in the Sino-Japanese War. In a humiliating defeat for the Qing Dynasty, Japan swept through Korea, invaded China itself and even made it as far as Shandong Province. In the ensuing Treaty of Shimonoseki, the Qing court made a set of disastrous concessions, including 230 million taels of war

indemnities, the opening up of four more treaty ports, and the cession of Taiwan and the Pescadore Islands to Japan "in perpetuity" (Spence 1990: 223).

The people of Taiwan did not yield easily to Japan. After the signing of the Treaty of Shimonoseki, they briefly declared the island to be an independent Republic of Formosa and tried in vain to get foreign support. The Japanese troops who arrived in June 1895 then had to face local resistance and guerrilla warfare. Only in November did the Japanese military finally secure the entire island, but sporadic resistance continued until 1902. In the first few years of Japanese rule, the Japanese relied on the strong hand of the police and military police to enforce peace and order. In 1905, they took the first population census, and set up a household registration system to better regulate the population. Soon they could develop the island into a full-fledged agricultural and industrial colony, and by the 1930s the population of Taiwan would enjoy historically unprecedented prosperity.

Japanese institutional reform laid the foundation for Taiwanese capitalism (Gold 1988). In the fifty years of Japanese rule, they laid down railroad tracks along the entire west coast, completed a road transportation network, and modernized the island's major ports. They set up an efficient irrigation system, and built hydroelectric plants. They built hospitals, and improved the sanitary conditions of the island. They established libraries, schools, and technical institutes, raising the educational level of the local people. By 1943, 81% of the island's boys and 61% of its girls would be receiving primary school education (Kho 1996: 295). Most of the population was taught Japanese, and the brightest students were often sent to Japan for higher education.

Much-needed economic and legal reforms encouraged

commerce and investment. Measurements were unified, a stable currency was introduced, and the Bank of Taiwan was established to encourage savings and provide capital for agriculture and industry. After centuries of crime and violence, law and order were established through an efficient police force and judicial system. In 1898, the Japanese conducted the first land survey. They abolished the old land tenure system, and introduced a modern system of property rights in land, including the right to buy and sell. By clearly defining and enforcing private property rights, the Japanese made Taiwan safe for investment in land and the establishment of capitalist enterprises. State industries were established as well, largely to ensure a revenue for Japan. The sugar industry became the most important state industry (see Ka 1995), but the colonial state also established state monopolies in commodities as salt, camphor, tobacco, alcohol, and eventually even leather.

The Japanese period was the beginning of modern civil society in Taiwan. In Tainan alone, the Japanese established four primary schools, six public middle schools, two high schools, a girls' high school, a school for the deaf and blind, a teachers' college, an agricultural school, and a commercial academy. Several Christian churches also founded private schools. Under Japanese rule, Tainan established a library, a museum, modern hospitals, public baths, a homeless shelter for migrant workers, and a job placement service. Civil groups such as a women's federation, a Japanese language club, and several youth organizations were founded (Tainan-shu 1923). The island's labour (Jian 1997) and feminist (Yang 1993) movements had their roots in the civil society of this era. The Japanese constructed Japanese style civic institutions, even building Shinto shrines all over the island. In Tainan's Shinto shrine,

Koxinga, son of a Taiwanese father and Japanese mother, received state recognition as a deity. The Japanese imported their love for domesticated nature, setting up idyllic parks in the cities, including the urban oasis of Tainan Park with its artificial lake and shade trees.

Modern industry in Taiwan has its roots in this period. Secure property rights and an efficient system of public security made industrial investment safe for the first time in history, and new banks and credit societies were able to extend loans to qualified entrepreneurs. Both local Taiwanese and Japanese entrepreneurs invested in new enterprises, often as joint enterprises. The cross-investment of Taiwanese and Japanese capital not only facilitated technological transfer from Japan to Taiwan. It also provided valuable learning experiences for those Taiwanese entrepreneurs who engaged in commerce or industry with Japanese partners. By 1942, industrial surveys conducted by Japanese scholars demonstrated that Taiwanese-owned manufacturing concerns in Taiwan had become a competitive force in terms of quality and overall manufacturing abilities, and had begun a shift from family-based production to a modern factory system (Fix 1996). Major Taiwanese business networks, including the "Tainan Group" of what is now the multinational conglomerate President Enterprises, trace their roots to commercial and industrial undertakings during the Japanese period (Hsieh 1994).

In the later years of Japanese rule, the colonial government adopted an assimilationist policy towards the local population, requiring the Taiwanese population to speak Japanese, pray in Shinto shrines, and adopt Japanese customs. To this day, many people in Taiwan still eat sushi, install tatami rooms in their homes, and listen to Japanese music, reflecting the deep influence of this period on the development of their

society. Most importantly, Japanese rule created a modern, educated middle class accustomed to economic growth and industrialization.

During World War Two (1936-1945), Japan intensified its grip on Taiwan, and mobilized its population for war. The island became a base for Japan's ambitions in Southeast Asia and China. Taiwanese men were drafted into the military, used as military translators and spies, and forced to "volunteer" as labourers in the construction of factories, airports, and military installations. In order to meet military demands, the Japanese government encouraged heavy industry and the production of other goods needed by the army. The leather industry, nationalized in 1938, profited during this period, as the Japanese needed boots for its soldiers throughout Asia and the Pacific.

The first mechanized tannery in Taiwan was established in 1912 by Lin Qingxiu, who founded the Taiwan Leather Processing Joint Venture Tannery⁵ in Taihoku (Taipei) with a Japanese partner. In 1919, Japanese capitalists in Tainan established the Taiwan Leather Joint Stock Company.⁶ By 1931, the island had five tanneries, including the joint venture in Taihoku, the stock-issuing corporation in Tainan, another joint venture in Takao (Kaohsiung), and two small sole proprietorships, one in Tainan and one in Takao. In 1932, the Japanese capitalist Oarai Tsutomu took control of the Taiwan Leather Processing Joint Venture Tannery. In the same year, it was reorganized into a stock-issuing corporation, a legal option unavailable to Taiwanese owned firms, since colonial law stipulated that stock-issuing corporations had to be controlled by

⁵ 台灣製革合資會社皮革工場。

⁶ 台灣製皮株式會社。株式會社 (kabu shiki gaisha) is a joint-stock issuing corporation.

Japanese capital. Leather tanning had a potential for profits in the 1920s, as can be seen by production statistics of the Taiwan Leather Joint Stock Company in Tainan:

Table 2:2 Production Statistics of a Tainan Tannery, 1920-1928

Year	Workers	Cattle hides		Water buffalo		Other		Total
		Amt.	Value	Amt.	Value	Amt.	Value	
1920	3	120	¥ 660	720	¥ 5,400			¥ 6,000
1921	2	130	¥ 2,010	370	¥ 5,250			¥ 7,260
1922	10	530	¥ 6,360	730	¥ 6,600	55	¥ 212	¥13,172
1923	8	1,000	¥10,000	800	¥ 7,200	100	¥ 300	¥17,500
1924	14	909	¥ 9,544	801	¥ 7,609	1,520	¥2,790	¥19,943
1925	20	1,280	¥12,378	2,371	¥23,063	130	¥ 650	¥36,091
1926	18	1,052	¥15,267	2,147	¥21,294	177	¥ 513	¥37,074
1927	23	1,485	¥17,725	2,592	¥21,756	85	¥ 234	¥39,715
1928	13	999	¥15,995	3,996	¥35,854	67	¥ 156	¥52,005

Source: Tainan-shu. 1930. Tainan-shu Tenth Statistical Yearbook. Tainan.

The 1930s saw further growth in the island's leather industry, as Taiwanese petty capitalists struggled to gain a foothold in the industry. Six new sole proprietorships were opened in this time. The two Japanese-owned stock-issuing corporations, however, dominated the industry. In 1938, they both employed over twenty workers, whereas the largest Taiwanese-owned tannery only hired ten workers. Japanese firms ran their tanneries as modern factories with hired labour. The smaller Taiwanese-owned firms, however, were usually family businesses and relied on an apprentice system for labour.

In 1938, the entire industry was restructured. In order to facilitate the supply of leather to the military, the Japanese state began to purchase Taiwanese-owned tanneries, putting them under the monopoly control of the state-run Taiwan Animal Products Development Company, Limited. The Japanese government also built a large tannery at Yangming Mountain outside of Taihoku and a shark skin tannery in Takao. In order to boost production, the Animal Products Development Company established a leather research institute. The

state put strict controls on pigskin supplies, requiring slaughterhouses to turn over pigskins to the state agricultural bureau rather than selling them with the pork to the general public. The state also requisitioned tanning agents, requiring timber yards to turn over the bark of osmosia and horsetail trees (Li 1971). The state also invested in other kinds of tanning. In 1940, they built a snake skin tannery in Taihoku and a shark skin tannery in Takao. By 1942, six of Taiwan's seven tanneries were run by the Japanese state. Only one Taiwanese entrepreneur remained in the entire industry. As a craft tanner specializing in snake skins, Taihoku's Li Wande filled an exotic niche market untouched by Japanese restrictions on other animal hides.

The Japanese period had a lasting impact on the Taiwanese leather industry, as the Japanese brought both new tanning technologies and management techniques to Taiwan. Those Taiwanese entrepreneurs who went into business with Japanese partners, or even did business with Japanese-owned firms, learned Japanese ways of doing business. Tannery workers in Japanese owned tanneries learned not only new tanning techniques, but also a modernist ideology about industrial production and wage labour. It comes as no surprise that they used similar management techniques, including business networks and the hiring of wage labour, when they later opened tanneries of their own.

The Zhang Family: Building up from Japanese Roots

Some bourgeois Taiwanese families in Taiwan acquired their personal fortunes during the Japanese period. Twenty-eight out of Southern Taiwan's sixty-eight leather tanneries, in fact, either have direct roots in the Japanese period or were started by tanners with experience gained in Japanese-run tanneries. These families, with both capital and expertise gained from

collaboration with the Japanese, proved to be an innovative force in the local industry. One example is the powerful and reclusive Zhang family of Tainan. Zhang Yuanbing, the family patriarch, started his business career humbly by running a hotel in Tainan. In cooperation with a Japanese partner, he invested in a lumber yard, and began to amass a small fortune. Upon his death, the capital gained from the timber venture supported his three sons in their respective business ventures.

The second son took over the timber yard directly. The third son went into pharmaceuticals, and now runs a large factory that produces western medicine. The elder son, Zhang Jinfa, took a degree from a technical school during the Japanese period, and became interested in leather tanning. At the time, the Japanese ran a leather tannery in Tainan County, using vegetable tanning techniques on pigskins with chestnut tannin imported from Japan. In 1945, when the Japanese left, Zhang Jinfa bought out the tannery. No longer able to import Japanese chestnut tannin, he started out by tanning pigskins with smoking techniques.

Zhang Jinfa had four sons and four daughters. The four daughters married out, one of them to a hide trader. The elder son is now the president of Yongliang Leather, and the fourth son also works in management at the company. The second son left the company and established a downstream company producing baseball gloves. Yongliang Leather, with a registered capital of NT\$67.5 million and 218 workers, is now one of the largest companies in the island's industry. In the absence of a Leather Tanning Institute in Taiwan, Yongliang has filled in the gap with an innovative research and development department which has gained it a reputation as the island's "Leather Research Institute." Many of Taiwan's current leading tanneries

were started by managers and technicians who first gained experience at Yongliang but then left to start their own companies.

Developments on the Mainland, 1911-1949

The first half of the twentieth century brought dramatic upheavals to mainland China. In 1911, an anti-Manchu and anti-imperialist revolution led by Sun Yatsen's Revolutionary Alliance toppled the Qing government and established a republican government in China. The Qing emperor abdicated and handed over power to a new government linking the Revolutionary Alliance with the armed forces of northern general Yuan Shikai. Sun Yatsen himself held the presidency for only the first month of 1912, but then gave power over to General Yuan Shikai. In 1912, China set up a National Council and drafted a provisional democratic constitution. Sun Yatsen officially founded the Chinese Nationalist Party, known in Chinese as the Guomindang (GMD). Within a few months, these first attempts at democracy were crushed by Yuan Shikai's dictatorial ambitions, and the rise of provincial warlords with powerful regional bases of their own. Yuan Shikai dissolved the GMD in 1913, and Sun Yatsen went into exile in Japan.

Sun Yatsen returned to China after Yuan Shikai's death in 1916, establishing himself in Shanghai, where he resurrected the GMD with Soviet help. Rather than attempting to retake direct political power, he continued his studies of political thought and began to formulate the Three Principles of the People, which became the party's official ideology. The Three Principles of the People -- people's nationalism, people's democracy, and people's livelihood⁷ -- were inspired by the French revolutionary ideas of *liberté*,

⁷ 民族，民權，民生

égalité, and *fraternité*,⁸ as well as socialist economic ideas and a distrust of unbridled capitalism. The red, white and blue tricolored Nationalist flag, its symbolic meanings identical to those of the French and American national flags, embodied those ideals.

Amidst the chaos of warlordism and political struggle, China continued to industrialize. The leather industry began a transition from apprentice-style village craft production to modern industry, especially in foreign-controlled Shanghai. In the years from 1913 to 1928, four to six percent of China's exports consisted of hides, leather and skins (Spence 1990: 330). As industrialization proceeded, so did the potential for labour disputes, and leather workers were involved to a minor extent. In 1935, four industrial disputes in China were centered around wage and dismissal issues in the leather industry (Spence 1990: 428).

The Nationalist state viewed leather as potentially one of China's primary industries, along with textiles, paper and sugar. In addition to the obvious uses of leather in consumer products, the military also consumed large amounts of leather for such items as boots and gun holsters. In 1948, the Nationalist army estimated an annual need of one million hides, including three million kilograms of heavy leather (200,000 hides), twelve million square feet of light leather (400,000 hides), and twelve million square feet of leather scraps, for an array of military goods. Leather was also important for industrialization, as the conveyor belts for factories were largely made of leather at the time (Executive Yuan 1948).

By the 1940s, Shanghai had become the center of the Chinese leather industry. In 1948, that coastal city alone had thirty modern tanneries and over three hundred

⁸ 博愛，自由，平等

small tanning workshops. The state sector played a leading role in the industry. The Ministry of Economic Affairs ran a leather research institute, and their tannery alone produced one-fourth of the city's leather output. Another large producer was a tannery owned by the military, producing leather for the Nationalist armed forces. One example of a well-organized private tannery was Shanghai's Xieyuanchang Tannery. With capital of forty million French francs, Xieyuanchang was Shanghai's sixth largest tannery. With three lime pits and the most sophisticated drying and stretching equipment available at the time, they could produce 10,000 pounds of sole leather and 5,000 square feet of cow upper leather a month. According to the Shanghai Leather Association, the city produced 372,000 pounds of sole leather, 101,000 square feet of cow upper leather and 81,000 square feet of goat leather a month in 1947 (Executive Yuan 1948: 27).

Sichuan Province was another leather producing center. The Ministry of Economic Affairs operated tanneries in both Chongqing and Chengdu. In Chengdu, they also operated an extension station in order to help private tanneries improve their tanning technology and spread new techniques. Both the Department of Defense and the Nationalist Air Force established tanneries in Chengdu to produce leather for military purposes. In 1938, Chongqing had over one hundred small tanneries and tanning workshops. Chengdu had ten large tanneries and over one hundred and fifty small tanneries. Fairly large tanneries had also been established in the provinces of Xinjiang, Gansu, Shanxi, Yunnan, Guangxi, Jiangxi, and Hubei. Hunan, Zhejiang and Fujian Provinces were well-known for their small private tanning workshops (Executive Yuan 1948).

Political and military conflicts, however, took precedence over industrial development in the 1940s. In

the early decades of the century, the GMD and the Chinese Communist Party had co-operated together with the goal of creating a democratic and socialist China. After Sun Yatsen's death in 1925, however, Chiang Kaishek emerged from the ranks of the GMD and took over party leadership. Under his influence, the GMD became increasingly anti-communist. In 1927, the GMD broke off cooperation with the Communists. In an attempt to suppress Communism, they violently attacked labour unions in Shanghai and began to oppress left-wing organizations. The next two decades were thus marked by a stand-off between Chiang Kaishek's GMD and Mao Zedong's CCP, and further complicated by Japanese imperialist ambitions in the Northeast. By the 1940s, the GMD held firm control only in the South, with its base in Nanjing. The Communists established their base in Yan'an in the West of China. Beginning in 1936, the Japanese made its military incursions into Northeast China.

In August 1945, after the allied bombing of Hiroshima and Nagasaki, Japan surrendered to the Allied Forces and withdrew from China. Following the 1943 Cairo agreement signed between Chiang Kaishek, Winston Churchill and Franklin D. Roosevelt, Japanese-controlled Manchuria and Taiwan were ceded to the Republic of China. The GMD, however, was yet to face four more years of civil war and successful Communist revolution. On October 1, 1949, Mao Zedong formally announced the birth of the People's Republic of China, with its capital in Beijing. Like Koxinga some three hundred years earlier, Chiang Kaishek's GMD was forced to retreat to the island of Taiwan.

In 1950, with the outbreak of the Korean War, the United States decided to protect GMD rule over Taiwan as part of an Asian front against communism. The intervention of US forces in the Taiwanese Straits

prevented the Communists from taking over Taiwan, and helped solidify GMD rule of the island.

GMD Hegemony, 1949-1987: Martial Law and State-led Industrialization

GMD rule of Taiwan, however, had a disastrous beginning. When GMD troops arrived on the island at the end of 1945, they were warmly welcomed by the local Taiwanese population, who initially viewed the political turnover as a liberation from foreign domination. These hopes, however, quickly dissipated as the local people, accustomed to well-disciplined Japanese soldiers, suddenly faced a poorly-dressed, uneducated mob of rural Chinese troops, many of them unfamiliar with common conveniences such as running water. As they had done on the mainland, Chinese soldiers sometimes terrorized the local population by stealing, raping and looting. The GMD government was not much better. The GMD governor, Chen Yi, seized all Japanese property, often selling off large stocks of equipment and goods for personal profit. Disillusioned by violent troops and corrupt officials, the local people began to refer sarcastically to the political changeover as a case of "the dogs leaving and the pigs coming."⁹

On February 28, 1947, a rebellion against GMD excesses broke out after GMD soldiers shot a woman shopkeeper for selling cigarettes illegally. Armed conflicts broke out between Mainlander forces and the local population in urban centres all over the island, and the Japanese-educated middle class launched an opposition movement to protest GMD oppression. The GMD responded with force, rounding up opposition leaders and executing them summarily. An estimated ten to twenty thousand activists were shot by GMD soldiers, often in mass executions. Those arrested later were subject to torture and imprisonment. Oppression intensified

⁹ 狗去豬來

after the Nationalists were driven out of the mainland by the CCP, as the GMD launched an anti-Communist purge and years of "white terror." Martial law prohibited independent labour unions and all forms of political protest. Meetings of any kind could not be held without police permission.¹⁰

Economically, the GMD found itself on solid foundations laid by the Japanese. The island already possessed a good transportation network, financial and commercial institutions, a well-educated population accustomed to industrialization, and basic industries. In addition, the new GMD state received a massive influx of US aid as part of the American front against Communism in Asia. Between 1950 and 1965, the Americans directly provided the GMD state with US\$1,465 million in military and economic aid (Kho 1997: 545). In the 1950s, US economic aid alone equaled about six percent of Taiwan's GNP and nearly forty percent of gross investment (Wade 1990: 82). American military protection, aid, and technical advice further promoted economic and industrial growth in Taiwan (Barrett 1988).

Just as they had been excluded from political power in the Japanese era, the native Taiwanese, over 80% of the island's population, found themselves excluded again under GMD rule. Under the pretext that Taiwanese people don't speak adequate Mandarin, the incoming mainlanders virtually monopolized political power and key industries, leaving the native Taiwanese to focus on small industry and entrepreneurship. Native Taiwanese were naturally resentful of their lack of power and new language policies, which once again forced them to learn the language of an incoming military power. Under the martial law and terror that followed the February 28 massacre, however, there was little room for protest.

¹⁰Gates (1987) is the only anthropologist to discuss the February 28 incident and the difficult transition to GMD rule.

The Taiwanese population endured the takeover bitterly, and focused their energies on entrepreneurship, one of the few avenues left open to them.

The GMD state quickly embarked on a re-sinicization of Taiwan. The population was required to learn Mandarin Chinese, the *lingua franca* of the incoming mainlanders, and school children were punished for speaking either Japanese or Hokkien. Students were required to study Sun Yatsen's Three Principles of the People. In its educational campaigns, the state emphasized that Taiwan is merely one Chinese province among many, and that the GMD would one day recapture the mainland. The GMD made its mark on the island's cities, tearing down Shinto shrines and other Japanese monuments. Japanese style city districts were replaced with streets named after GMD leaders, the main concepts of the Three Principles of the People, and place names on mainland China. Tainan Park, built by the Japanese, was renamed Sun Yatsen Park and endowed with a large statue of the great Nationalist leader.

The transition to GMD rule made great changes in the leather industry as well. The GMD took over control of the state-run tanneries in Taipei and Kaohsiung. Monopoly policies established by the Japanese were abolished, and the leather research institute was closed down. Freed from the legal constraints of the Japanese state, which during the war had barred Taiwanese entrepreneurs from entering the industry, local people began opening leather tanneries. Many were entrepreneurs who had cooperated with the Japanese, or by workers with experience in Japanese-run tanneries.

Some leather tanneries moved to Taiwan from the mainland, mostly settling in the North of the island. One of the best organized tanneries was Xin Yuanchang Tannery in Taoyuan, originally Xieyuanchang Tannery of

Shanghai, whose owner brought technology and an entire staff of well-qualified technicians with him when he fled from the Communists in 1949. Mainland tanners in that period made Taoyuan famous for leather production (Taiwanese Leather Tanning Association 1989: 3) . The south of the island, however, remained dominated by Taiwanese-owned firms. In my visits to sixty-eight southern tanneries, I encountered no Hakka or aboriginal tanners and only one mainland tanner, whom I refer to as Master Mao. His story reveals much about Taiwanese history as well as the shifting fortunes of the industry. I found it personally interesting because he came from the same place where I had done field research in China.

Master Mao: A Wenzhou Tanner

Master Mao, a respected pigskin tanner who has mentored many of the Kaohsiung tanners, was born in Pingyang County, Zhejiang Province, in 1931 to a furniture craftsman. He attended school for only two years. Due to the hardships of the wartime economy, he had to quit school and begin work in order to provide for his own needs. In 1946, at the age of fifteen, he went to work in Wenzhou City at a small tannery that belonged to the husband of one of his paternal cousins. It was there that he acquired his tanning skills. Back then, he said, masters required their apprentices to do all kinds of jobs in the tannery, and they had no way to decide for themselves what work they would do. According to local custom, they would work as apprentices for three years without pay, receiving only room and board in compensation for their labour. After they passed their apprenticeships, they could become tanners and draw wages. Some bosses were afraid to teach their apprentices too much, he said, for fear they would leave and set up competing tanneries. His master, however, as a relative, was good to him and taught him

the entire tanning process.

When the Communists took over the mainland in 1949, he fled to Taiwan with two older tanners from Wenzhou. He went to Kaohsiung, which he described as a chaotic and dirty industrial city, with tanneries pouring their pollutants right into the river in the center of the city. He went to work for a tannery, operated by another man from Wenzhou, in downtown Kaohsiung.¹¹ At the age of 23, he married a young noodle vendor, who had come to Kaohsiung from Hsinhua in Tainan County. Seven years later, the two of them opened up their own tannery. Master Mao explained, "At that time, it was easy to open a tannery. It was all craft work, so capital requirements were low."

By 1997, their tannery has expanded considerably. They have thirty-five tanning drums, and can produce over one thousand pieces of pigskin a day. Master Mao's four sons have continued to work in the tannery. His thirty-six year old eldest son worked for several years in a motorcycle factory but eventually came back to take over his father's tannery. He is now the tannery's president, but his wife and son live in Canada, and they have no plans to come back to Kaohsiung to work in the tannery. The second son is thirty-four years old, unmarried, and usually works in the dry tanning section of the tannery. The third son is 30 and also works in the factory. They take pride on being a family tannery, in which family members do both production and management work, rather than taking on bureaucratic ranks as in larger companies. The fourth son just came back from the army and is now working in the factory, but Master Mao predicts he will soon leave and not do leather. Young people don't like to do leather anymore because the work is so dirty, he said. His older

¹¹ That tannery has since closed down. The owner's son refused to continue in the family business, closed the tannery, and emigrated to the United States.

daughter has married out. His younger daughter has not yet married and works as a teacher in Kaohsiung. Although his children all now live in Kaohsiung City, Master Mao himself still lives in the tannery in rural Kaohsiung County, and often checks up on the machines during the night.

Constructing the "Taiwan Miracle"

With the strong institutional foundation laid by the Japanese, a well-educated population, and so much foreign aid, it would have been difficult for the economy in Taiwan not to grow, and the GMD's economic policies encouraged continued growth. Relying on American aid and technical advice, they began by implementing land reforms in 1951. This land reform was a basic part of American policy in the regions of East Asia under U.S. influence, including Taiwan, Japan, Korea, and the Phillipines. The main goal of American-inspired land reform was to avert possible class conflict and peasant rebellion in the countryside (Griffin 1974). After stipulating rent reductions and distributing public lands to farmers, the GMD in Taiwan carried out an ambitious land-to-the-tiller reform. The amount of farm land that could legally be held by any individual family was fixed by law, and any surplus land was redistributed to the tillers. The former landlords were compensated with ration coupons for agricultural inputs and stock shares in key state-run industries, a category which did not include leather tanning. The land reform thus served to reduce the economic burden on small farmers, forcibly redirected capital resources to industry, and removed the old landlord class which might have become a burden to GMD consolidation of power in Taiwan. These reforms met with little resistance from the landlord class, especially since the population was still cowered by the state violence of the February 28 massacre.

Land reform influenced the growth of small industry in Taiwan by reducing the rent burdens faced by small farmers and giving land to rural families. No longer required to pay high rents, many farmers used their new land and higher net incomes to invest in small manufacturing undertakings. The redistribution of land, which gave rural families direct ownership of the land they worked, is thus the main reason why rural Taiwan became dotted with small factories and workshops. The land reforms, in effect a modernization reform designed by American and GMD policy makers as part of the struggle against Communism, gave rural people the means by which they could establish such rural enterprises. Many of the rural tanneries in Southern Taiwan got their start during this period. Anthropologists writing in a political economy framework have clearly demonstrated that the predominance of family firms in Taiwan of the 1970s was created by Land Reform and later industrial policies (e.g., Gates 1979, Greenhalgh 1988, Harrell 1982).

By April 1954, Taiwan had sixty-one leather tanneries. Although the state-run tanneries, taken over from the Japanese in Taipei and Kaohsiung, amounted to only two percent of Taiwan's leather manufacturers, they accounted for twenty-three percent of the capital invested in the industry, thirty-nine percent of the industry's employment, and fifty-three percent of the electricity used for leather tanning. A third of the private tanneries manufactured leather by hand. Eight used no electricity at all, and two-thirds used less than 5 hp of power. The state-run tannery in Taipei alone employed over two hundred employees, and the Kaohsiung tannery about forty. Only one private tannery employed more than thirty wage workers. Forty of the fifty-nine private tanneries employed less than ten workers (Executive Yuan 1954).

The main obstacle to growth in the industry was the import substitution policy of the GMD state in the early 1950s. Designed to protect nascent local industries from the competition of foreign manufacturers, import substitution policies placed high tariffs on imported goods. Most companies, moreover, were not permitted to exchange money and use foreign currency to purchase foreign inputs. Such policies had a harmful impact on the local leather industry, since the island has only a small livestock population and cannot provide the industry with a sufficient supply of raw hides. Without hide imports, the leather industry was reliant on a limited supply of domestically produced pigskin and had little room for growth. About two-thirds of the small tanneries that opened up after the GMD takeover were eventually forced to stop production within a few years because of the difficulties in securing raw materials.

Leather industry leaders, however, quickly organized themselves and lobbied for change. In 1948, Ge Fujiang organized the Taiwanese Leather Tanning Association. Initial members included the state tanneries, Li Wande, who had started his snakeskin tannery during the war, and a handful of new tanneries, such as Tainan's Yongliang. Dazhonghua Tannery, founded just after the GMD takeover, was selected in 1951 for a direct government subsidy from the newly established Industrial Council to purchase a whole set of new tanning equipment from Germany to improve tanning efficiency. Dazhonghua and another large northern tannery lobbied the Industrial Council to strictly control the import of finished leather but permit the import of raw hides. One of their main arguments was that leather is a military necessity, and the development of a domestic tanning industry would allow the military to conserve scarce foreign currency

reserves. In 1953, the government finally permitted leather tanneries to use foreign currency to import raw hides unavailable in Taiwan, a step which allowed the tanning industry to expand. By 1958, Taiwan had over one hundred leather tanneries (Taiwan Leather Tanning Association 1989: 4-5).

In the 1960s, the emphasis of GMD industrial policy changed to export promotion policies designed to support industrial expansion, boost foreign currency reserves, and attract foreign investment in export-oriented sectors. Industrial parks, which provided industrial land at low prices to entrepreneurs, were built in communities all over the island, and export-processing zones were created to attract foreign investment. Tariff rebates and export tax incentives encouraged companies to seek international markets. The government itself helped with export marketing. In 1970, for example, it formed a parastatal market promotion agency, the China External Trade Development Council (CETRA), which promotes the island's products through a trade center in Taipei and overseas offices world-wide. These policies fueled unprecedented economic growth. By 1979, Taiwan's per capita GNP was six times that of the PRC, the economy having grown 416 percent between 1952 and 1979 (Spence 1990: 668). Economic growth was accompanied by low inflation, low unemployment, and relatively low income disparities, giving rise to what has popularly been called the "Taiwanese miracle."

Leather tanneries benefited directly and indirectly from export promotion policies. In 1979, the government identified leather tanning as one of Taiwan's fifty key industries, a designation which allowed tanneries to secure low-interest bank loans. With state subsidies, the Leather Tanning Association supported sending tanners overseas to study leather tanning in such places as Germany and Japan. They also sponsored

foreign leather experts to come to Taiwan and lecture on technological innovations (Taiwan Leather Tanning Association 1989: 63-64).

For most tanneries, however, the tariff rebate system had the largest immediate impact on business. First of all, finished leather imports were taxed much higher than raw hide imports, a policy which allowed domestic tanners to produce leather with virtually no competition from imported goods. Finished leather was subject to an import tariff of 50%, whereas raw hides were taxed at 18%. Furthermore, those manufacturers who processed hides for export could gain a tariff rebate upon exporting the finished goods (Liang 1986: 87). One tanner told me that tanneries during that period often profited from tariff rebates, using creative accounting techniques and forged receipts to maximize their rebates. The difference between the amount they actually paid in import tariffs and the higher amount that they claimed accounted for a good part of their operating profits. Under this tariff rebate system, the way to higher profits was not merely through higher productivity, but was also based on an ability to understand tariff codes and maximize tariff rebates. State manipulation of the markets, therefore, protected less productive tanneries.

Export promotion in the shoe industry also encouraged leather tanners by providing an expanding domestic market. In the 1970s, the shoe industry flourished in Taiwan, largely because low wages could permit shoe companies to produce cheaply in that labour-intensive industry. By 1976, Taiwan surpassed Italy to become the world's largest shoe producer. The shoe industry's share of Taiwan's exports rose from 1.8% in 1968 to 7.45% in 1986 (Skoggard 1996: 56). Since shoe companies provided a significant domestic market for upstream leather producers, the leather industry grew

at the same time.

Table 2:3 Production Statistics for the Leather and Leather Shoe Industries

Year	Cowhide Leather Prod. (1000 m ²)	Upper Change (%)	Sole Prod. (metric tons)	Leather Change (%)	Leather Shoes Prod. (1000 prs)	Change (%)
1981	10,260		3,770		23,254	14.6
1982	13,388	30.5	2,929	-22.3	47,122	102.6
1983	20,075	49.9	2,529	-13.7	66,433	41.0
1984	21,464	6.9	3,998	58	108,932	64.0
1985	24,888	15.9	3,809	-5.7	131,610	20.8
1986	19,211	-22.8	3,188	-16.3	124,817	-5.2
1987	21,599	12.4	3,081	-3.3	122,096	-2.2
1988	20,583	-4.7	1,996	-35.2	115,092	-5.7
1989	25,548	24.1	1,345	-32.6	103,400	-10.2
1990	23,259	-9	317	-76.4	97,043	-6.2
1991	26,757	15	290	-8.5	89,640	-7.6
1992	28,146	5.2	---		61,310	-31.7
1993	29,142	3.5	---		48,128	-21.5
1994	32,199	10.5	---		41,197	-14.4
1995	31,026	-3.6	---		31,245	-24.2
1996	35,597	14.7	---		24,796	-20.7

Sources: Liang 1986: 94, Huang 1995: 533, MOEA 1993, 1997

The boom in shoe production provided plenty of opportunities for both large and small leather producers. In order to reduce risk and keep up with fluctuating demands, most tanneries worked through an elaborate subcontracting system. When orders rose, they could subcontract out parts of the production process to smaller workshops. The larger tanneries dealt with the shoe factories and distributed subcontracts out to smaller, often family-based workshops. It was relatively easy at the time for workers to save up capital, buy a machine or two, and set up a small independent workshop. The prevalence of subcontracting in a variety of industries, including leather tanning, made Taiwan into an island of small bosses (Shieh 1992). The boom, however, did not last long.

Economic Restructuring in the 1980s and 1990s

Economic and political restructuring in the 1980s brought a series of new problems to manufacturers in Taiwan. First, trade liberalization, initially implemented as a result of U.S. pressure to counteract a large trade surplus, brought about the end of protectionist policies that had benefited leather tanneries and other producers. Second, production during the export promotion phase rose far more rapidly than the supply of labour, leading to an acute labour shortage and making it difficult for employers to find workers. Third, rising labour costs, measured in both New Taiwanese and U.S. dollars, made labour intensive industrial production uncompetitive on the export market. And finally, a burgeoning environmental movement, made possible by democratic reforms, has placed pressure on highly polluting industries such as leather tanning. These changes have influenced the leather tanning industry in the following ways:

1. Trade Liberalization

By the late 1980s, successful export promotion policies had created a massive trade surplus. By 1986, Taiwan's trade surplus amounted to 22.1 percent of its GNP, far greater than even Japan and Germany, which were both less than five percent of GNP (Schive 1995:13). Under pressure from the United States, the GMD abandoned many of its protectionist policies and made a shift to a free market regime. In 1985, import tariffs were lowered to a rate of 1.25% for raw hides, 2% for wet-blue hides, and 4% for processed leather. Simultaneously, the tariff rebate system was abolished (Liang 1986: 87). This change in tax incentives had an almost immediate effect on the leather industry. No longer able to benefit from tariff rebates, many producers of less profitable sole leather and pig upper skin leather could no longer make a profit and shifted

production to other products. The production of sole leather dropped so far, in fact, that the Ministry of Economic Affairs stopped publishing production figures for the commodity after 1992. Production of cowhide upper leather and suede, however, were little affected by the change in tax policy (Li 1996: 626).

2. Labour Shortage

Tanners in Taiwan complain about a labour shortage which makes it difficult for them to find workers. In every major region of the island, in fact, the number of job openings in manufacturing far exceeds the number of job seekers. In Kaohsiung City alone, only 2,883 job seekers applied for the 24,724 manufacturing positions available in 1994. In Kaohsiung County, 6,866 people applied for the 14,543 positions available, and in Tainan County 9,672 people applied for 20,715 jobs (Executive Yuan Council of Labour Affairs 1995: 473). Leather tanneries, which offer a dangerous, unpleasant work environment, are especially hard hit by the labour shortage, as labour has essentially become a seller's market. Workers who are qualified to find better work refuse jobs in tanneries. Tanners often complained to me about the problems they encounter in finding workers. Primarily due to the unpleasant odours of the tanning process, most new workers usually spend only a few days in the tannery before quitting. Those who get accustomed to tanning, however, usually stay for years.

Most large tanneries solve their labour shortage problem by hiring teams of foreign workers from Thailand or the Philippines. This solution is expensive, however, as the tanneries must provide foreign workers with housing, food, and insurance, in addition to wages. Furthermore, only medium to large size factories, who meet minimum size requirements in invested capital and number of workers employed, can legally hire foreign workers. Small factories, even if they also have

trouble finding workers, are not permitted to hire foreign labour. Due to the legal barriers placed on small firms that would otherwise hire foreign labour, large firms are in a better position to find workers, and meet production goals.

3. *Rising Labour Costs*

The labour shortage has contributed to rising labour costs in Taiwan, measured in NT dollars. The rise in labour costs has been further exacerbated by fluctuations in the exchange value of the NT dollar. The high trade surplus itself exerted tremendous pressure on the New Taiwanese dollar, causing the currency to appreciate sharply against the US dollar. The result was a dramatic increase in labour costs, especially measured in US dollars, which weakened Taiwan's competitiveness in its traditional labour-intensive export industries such as shoes. The following table illustrates rising industrial wages on the island:

Table 2:4 Rising Wages, 1982-1994

year	average monthly industrial wage (NT\$)	leather workers	index of unit labour costs, change in \$US
1982	11,455	8,469	100
1984	13,382	10,773	108
1986	15,112	11,637	127
1988	18,399	14,300	170
1990	24,346	17,560	199
1992	29,485	19,888	-
1994	33,697	24,524	-

Source: Executive Yuan Council of Labour Affairs (1995: 134-36); Schive (1995: 66)

Taiwan's manufacturers have been quick to adapt to the problems of rising labour costs and a growing labour shortage. In nearly every industry, there has been a clear trend away from labour-intensive production and towards capital-intensive, high valued-added production as manufacturers move labour-intensive production off-shore to cheaper areas, accelerate automation, and

promote the production of high value-added products. Labour-intensive consumer goods, once the island's most important export products, declined from 35.6% of exports in 1986 to only 18.1% in 1993 (Schive 1995: 16). Shoe companies were among the first to leave. By 1989, nearly every shoe factory had cut production and was in the process of moving production to China or Southeast Asia (Skoggard 1996: 64).

This change brought about rapid restructuring in the leather industry. Most tanneries have used automation to make a transition from labour-intensive to capital intensive production. Since automation has proved cheaper than subcontracting, large tanners prefer to invest in more equipment and avoid subcontracting as much as possible. The result has been a drop in labour-related production costs. Tanners estimate that wages now account for only about eight to ten percent of their production costs. Low wages, therefore, do not provide a significant attraction for Taiwanese tanneries to move off-shore. Some large tanneries, however, have moved abroad in order to be closer to their customers. With leather and leather product companies leaving Taiwan and the remaining large firms shifting to in-house production, the number of subcontracts available to small firms has diminished. With less business, many of the smaller tanneries, once dependent on subcontracting, have been forced to close. The result is that the bottom tier of the subcontracting system, consisting of small family-based leather workshops, has begun to slowly disappear.

Large tanneries with good international connections, however, have actually profited from the change. Due to the low quality of mainland Chinese leather, most Taiwanese-owned shoe factories in China continue to use Taiwanese leather in their shoes. Both actual production and exports of high quality upper

leather have actually increased as shoe factories move off-shore. In 1994, Taiwan exported 41,336,977 kilograms of processed leather, a 7.5% increase over 1993 and a 34.6% increase over 1992 leather exports (Huang 1995: 534). The main beneficiaries of this trade are the large firms involved in business networks with the shoe factories.

5. Rising Environmental Awareness

Another direct challenge to the Taiwanese leather industry is the rise of an indigenous environmental movement. Since the end of martial law on July 15, 1987, Taiwan has developed a democratic electoral system and a thriving civil society. Grassroots pressure groups across Taiwan, once illegal, now advocate a wide range of causes from women's rights to environmental protection. In January 1997, for example, citizens in Tainan County's Matou Township protested against the water pollution emitted by factories in their local industrial park, including two large leather tanneries. In the light of widespread popular support for environmental issues, the government has increased enforcement of pollution guidelines, and some tanneries have actually been shut down for non-compliance. Several of the tanners on my initial list had already been closed down before I even began my study. And in August 1997, after I had finished my tannery survey, Kaohsiung County closed down four family tanneries in my study because they had not taken the required measures to reduce water pollution.

Tanneries have taken a number of steps to reduce water pollution. Most of them have constructed water treatment plants, trying to meet at least minimal standards set down by the government. Some have shut down the highly polluting wet tanning facilities that constitute the first half of the leather tanning process. As a concession to their neighbors, they now

import the results of that process, known as wet-blue hides, and specialize in the dry tanning process. One group of tanners has invested in a wet tanning facility in a remote area of rural Tainan County, so that they can reduce their own wet tanning production but still guarantee a secure supply of wet-blue hides. Some tanners have moved the wet tanning production facilities to mainland China, saying that mainland officials are more flexible than officials in Taiwan when dealing with environmental standards. One US-Taiwanese joint venture does wet tanning in Missouri, and dry tanning in Changhua.

Higher environmental standards are among the central complaints aired by leather tanners. Tanners say that government inspectors arrive at tanneries without warning to inspect water treatment facilities. One tanner estimates that he spends about NT\$400,000 a month to treat water, but the government is never satisfied and keeps pushing the standards higher. He claimed that environmental standards in Taiwan are "even higher than in the USA," repeating the statement several times for emphasis. As one woman said,

Now Taiwan wants to protect the environment, so leather factories are moving to other places, like mainland China. But pretty soon, China will develop and they'll want to protect their environment, too. So where will all the leather factories go? We can't do without leather factories. Everyone still wants their leather shoes and belts.

Increased enforcement of environmental guidelines has mostly hurt small tanneries. The larger, capital-rich companies can more easily afford to pay fines and invest in water treatment facilities in accordance with government regulations. Cash-strapped small tanneries, on the other hand, have little choice but to close down production and move into other endeavors.

Industrial analyses by the Ministry of Economic

Affairs (Huang 1995, Li 1996), CETRA (1995), and large banks (Changhwa Bank 1995, First Bank 1996) have concluded that these problems will lead to a decline in leather tanning in Taiwan in the near future. Only those firms that make a transition to high quality, high value-added leather production are likely to survive into the next millennium. Those firms will need to make a transition to automated production, professional management, and large scale production if they are to survive in the new economic order. The Ministry of Economic Affairs has responded by giving direct aid to some large leather tanneries to encourage automation. They have recently dedicated a budget of NT\$5,300,000 towards research on low-polluting production of high quality leather, and plan to send ten individuals from the industry to England to study leather production at a leading leather research institute.

In the light of such circumstances, small subcontractors have ample reason to be pessimistic. One cool February afternoon, for example, I took the train down to Tahu Township, just across the border from Tainan in Kaohsiung County. I found the tannery I was looking for in a small lane off the main highway. I walked into the factory compound. There were a few cow skins stretched out on racks to dry, but not a soul in sight. An old man came out of the house and got on a motorcycle. I walked up to him, smiled and said hello. Without saying a word, he rode away. I looked in the house. The door was unlocked, but no one was there. I walked alone into the factory. There were two tanning drums, a drying press, a splitter, all silent. No one was there, and not even a dog was in sight. As the floor was dry and dusty, I could see that the drums haven't been used in a long time. I walked back out to the courtyard, just in time for the old man to come back. He was chewing a betel nut, and his wrinkled face

revealed red stains around his mouth.

I asked him if it was his factory. He said yes, but he doesn't have any business. I pulled out my name card, and offered it to him, explaining that I was doing research on the leather industry and would like to interview him. In anger, he spit the last remain of his betel nut into my outstretched hand.

"I have nothing to say," he said sadly, "because I don't have any business."

"What a shame," I said, trying to express sympathy. "There are not even workers here."

"With no business," he said, "how can I hire workers?" With that final statement, he turned and walked away, going into the garden to tend to his flowers. I wiped the betel juice off my hand, went into the factory, snapped some pictures of the idle machines, and continued down the road in search of other tanneries, reflecting on the state of an industry in decline.

Conclusions

An historical study of the leather industry in Taiwan further supports the arguments of the institutionalists. The structure of the Taiwanese leather industry, in fact, is strongly influenced by two factors: the unique history of island's incorporation into the world system and the strong role of both the Japanese and GMD states in creating and nurturing the industry. It is also influenced by exogenous economic factors, such as the exchange rate of the New Taiwanese dollar, which shape the island's role in the global marketplace.

Taiwan's changing role in the world economic system is a very important factor. First of all, it may not have developed a leather tanning industry at all if it were not for the efforts of the Japanese state to develop Taiwan into a successful agricultural and

industrial colony. The first leather tanneries in Taiwan, in fact, were started by Japanese capitalists as share-holding corporations, which probably set an important institutional precedent. During the Second World War, the Japanese state took over all tanneries in the colony in order to ensure a steady supply of leather for the Japanese army. The Japanese thus brought tanning technology to Taiwan, as well as new ways of organizing production. Their modernist ideology further influenced those workers and managers who learned about leather in those tanneries and then started their own tanneries when the GMD took over.

The success of the region's economy in recent decades has given Taiwan an enviable rate of development. From 1895 to 1945, Taiwan was a Japanese colony, providing cheap agricultural products and labour-intensive goods to Japan. After the war, cheap wages allowed the island's manufacturers to produce labour-intensive consumer goods, such as shoes, for the world market. In the 1980s, however, economic restructuring and rising labour costs led to a decline in labour intensive industry and a rise in capital intensive industry. The island's capitalists now provide massive amounts of direct foreign investment in other countries, primarily China and Southeast Asia. Wages and living standards are now on a par with European countries such as Italy and Spain.

As Taiwan develops, traditional industries such as leather tanning have gone into decline, and new, capital-intensive industries such as computer production have taken their place. If its leather industry is to survive, it will do so by producing high quality leather like Spain and Italy. The days when a farming family could open up a tannery producing a few low-quality cow hides a day are over. Only those with the capital to buy expensive automated equipment and import foreign

workers are likely to survive into the next millennium. The history of the leather industry in thus reveals that a country's changing role in the world economic system has a strong influence on the structure of industries within it.

The GMD state has also strongly influenced the structure of the industry. By ending the state monopoly on tanning, they opened the field to a whole generation of new entrants. The lack of raw materials during the first few years of import substitution policies, however, made it difficult for tanneries to survive and most went under in the first few years of production. Through land reform measures, the state also enabled rural people to go into manufacturing by giving them the land on which they built their first workshops. In the 1950s, the state finally permitted the importation of raw hides, but protected tanneries from foreign competition through high tariffs on finished leather. Protected from foreign competition and able to profit from tariff rebates, tanneries proliferated during the initial export promotion phase. Restructuring in the industry has led to the decline of small, labour-intensive tanneries. The state has responded by supporting research on capital intensive, low pollution tanning techniques, and aid to large tanneries. With state policies that benefit the large, capital-intensive firms, the small labour-intensive tanneries do not face a level playing field and are not likely to last long. The state plays thus a significant role in determining the structure of any particular industry.

The larger context of the world economy and the state are major influences on the leather industry and in the organization of production in Taiwan's tanneries. But how do Chinese tanners in Taiwan organize production within that larger political economic environment?

What determines if specific factories will be organized along kin lines or use professional management in a corporate framework? Those questions will provide the subject of the next two chapters.

Chapter Three: Chinese Family and Enterprise in Taiwan

The family is the starting point of most anthropological studies of Chinese societies. And for good reason, because the family is the most fundamental institution of Chinese societies. It is in the family that individuals learn to work in groups, and it is to the family that Chinese people feel their strongest ties. Members of a family do not necessarily live under the same roof. Many Taiwanese young people leave their homes to seek education and careers in different Taiwanese cities or even abroad. At certain holidays, however, Taiwanese family members reunite, and affirm the kin ties that bind them. Amidst the banquets, drinking and gambling of such festive occasions, family members can informally discuss the problems and strategies that the family must face together. Elder family members, for example, warmly encourage junior members to marry and start their own families. In families that combine kinship and entrepreneurship, such events often resemble informal stockholders' meetings, as business is discussed along with family affairs.

The logic of Chinese kinship, its institutional structure and hierarchical nature, are most evident in the rituals that surround the Chinese New Year. Eager to witness a Taiwanese New Year first-hand, I accepted an invitation from a friend to attend what he described as a "traditional" New Year's feast in Taichung. The events of that evening illustrated to me the structure of Chinese families, the ideological underpinnings of that structure, as well as the flexibility of tradition even in the most intimate spheres of family life. Even the Taiwanese family, usually seen as an unproblematic continuation of Chinese tradition, is a product of Taiwanese history.

My friend's grandfather, the patriarch of the Wang

family, was a well-educated man, having been sent to Tokyo for university during the later years of the Japanese occupation. He married a Taiwanese woman in Japan and raised his three elder children in a crowded six-tatami room in Tokyo. He returned to Taiwan only after the war to pursue a career in teaching. Altogether, he had five sons and two daughters. Now retired, he lives with his elder son in a small room above his son's sundry goods shop. When I met him for the first time, he was reviewing his Japanese by memorizing the lyrics of Japanese *enka*, a form of folk music popular with older people. While the women cooked downstairs, I talked to the grandfather, myself pleased to have a chance to practice my Japanese and him happy to have an eager listener as he recounted stories of his student days in war-torn Japan.

Downstairs, the store front had been cleared to make room for a long table and the New Year's banquet. As evening approached, we went downstairs and took our seats surrounded by shelves of socks, women's lingerie, and sundry household goods. The table was loaded with both Taiwanese and Japanese delicacies, including generous portions of *sashimi*, or raw fish. Four of the five sons, and both daughters, were present with their families. One son was in Canada with his wife and children. In jest, they declared that his trip to Canada was a fair exchange, since his seat at the table was taken by an anthropologist from Canada. As we ate, the conversation turned to politics and history, as some of the men related to me the difficulties of the transition from Japanese to GMD rule, the horror of the February 28 massacre, and the terrors that Taiwanese intellectuals experienced until the lifting of martial law. I was fascinated and listened attentively. The younger people, however, accustomed to the prosperity and democracy of contemporary Taiwan, are already bored

with such stories, relegating them to the hazy and not-so-interesting past of their elders.

After dinner, the daughters and their families made an abrupt departure, and from that point on all activities focused on the patriarchal lineage. My friend's mother, a high school teacher, explained that daughters cannot stay and participate in the events that follow since they have married out and are no longer considered part of the family. Wives spend the New Year's Eve with their husband's families, and it is not considered proper for them to pass the evening in their parents' homes. Only sons or unmarried daughters can spend the New Year's Eve with their parents. I asked what would happen if the husband's family lived far away, perhaps because the husband had moved to Taipei for a new job, and the wife's family lived nearby. She said the married daughters would still not return to their natal homes, and would most likely just stay at home watching the New Year's programmes on television. I asked what would happen in the case of a uxori-local family. They would celebrate with the daughter's parents, she said, because in such a case the married-in man is considered to be their son.

After supper, everyone helped clear away the dinner table, and the younger family members began their programme of entertainment, mostly music and parlor games. The children, ranging in age from grade school to university students, sang songs, played musical instruments, and performed short skits for their elders. At the conclusion of the performances, each unmarried child stood in front of his or her parents, publicly thanking them for the suffering they had endured on their behalf and declaring that they love them. Then, the distribution of gifts began. The grandfather had purchased small gifts, which he distributed to all of the younger people, including college students, in a

lottery system. As each child accepted his gift, he bowed to the grandfather and thanked him. They then distributed red envelopes, each containing NT\$600. The grandfather distributed them first, standing in front of the assembled family members, and giving them to the children who waited in line to accept the gift and bow in thanks. In turn, each uncle stood in front of the assembly and distributed red envelopes to all of the young people present.

After midnight, the young family members distributed red candles to everyone present. The eldest grandson first lit the grandfather's candle, and then each person lit his or her candle from that flame. The whole family gathered in a circle, and one young college student played the piano. Accompanied by piano music, each person was expected to stand up and give a speech of thanks and appreciation to the family. The grandfather spoke first, summing up the main events of the family's life in the past year, most notably the death of their grandmother. Then the others spoke, beginning with my friend's mother. She remarked that destiny had brought each one of them into the Wang family, and that each woman should feel fortunate to be able to perpetuate the Wang family line. Then the other wives spoke, expressing similar sentiments. The men also stood up to speak, delivering eulogies for their recently deceased mother and expressing appreciation for the suffering their parents had done to raise them.

As my friend's father spoke, a tear dropped from his eye. In the candlelight, I looked around me and noticed that all of the men were crying. The younger generation spoke next, thanking their parents for providing them with a good education. One young girl who, due to examination stress, had suffered a nervous breakdown requiring medical intervention that year,

thanked her family for their emotional support and broke down into tears. At the end, I was expected to speak. I thanked them for the invitation, remarking that the evening made me realize the debt I have towards my own parents, as well as how much I love them and miss them. Only at three in the morning did we disperse and go home to sleep.

Two days later, the same friend took me to visit a young couple from the Ciji Buddhist Centre, a popular lay Buddhist group of which he is a member, and they exchanged stories about how they had passed the Chinese New Year. His friends, who had merely eaten dinner and watched television together, inquired curiously about the Wang family festivities. My friend explained to me that the ritual of lighting candles and giving speeches to piano music had been his own innovation, an idea that he learned from Ciji. He had even purchased the candles and borrowed the piano from that organization. Ciji, he explained, occasionally has a ritual in which the members hold red witnessing candles¹ and, accompanied by piano music, recount what Buddhism has done to improve their lives. Ciji, in turn, had learned that religious technique from Protestant missions.

The events I observed during this Chinese New Year demonstrate two important things about Taiwanese society, both of which are strongly reinforced by other observations during my nineteen months in Taiwan. First, it reveals how real the patriarchal and patrilineal family system is to its participants. Having always spent Christmas Eve with my mother's family, I was especially struck by how New Year's

¹ 傳心燈, *chuanxindeng*

festivities are structured by patrilineal ideology.² The ideological construction that women marry out of their natal families and marry into new families is strongly reinforced on such occasions. The Chinese New Year rituals are not merely a random gathering of kin, but clearly define who belongs to which family. The communal feast, the distribution of red envelopes from elder to younger family members, the invitation list which excluded daughters, and even a ritual with its roots in Protestant Christianity, reinforced lineage solidarity and defined the places of both men and women within the family.

Secondly, attendance at this family gathering underscored to me the cosmopolitan nature of Taiwanese society. Due to the Japanese past of the family patriarch, they served Japanese food. One grandson introduced a new ritual originally derived from Protestant Christianity. And one son chose to spend his Chinese New Year in the Canadian Rockies. Yet all of these foreign elements were incorporated seamlessly into the most traditional of Chinese holidays. Taiwanese people have long been capable of absorbing foreign elements into even the most intimate spheres of daily life. The family ritual that I observed during this Chinese New Year is merely one example.

As Chinese society has such a ritualized and institutionalized system of kinship, it is not surprising that so many scholars have chosen to focus

²Women are not expected to visit their natal families until the second day of the lunar year. In my second year in Taiwan, I spent the New Year in a family in rural Kaohsiung County. As they have only one son, their New Year's Eve consisted merely of eating a small dinner and watching television. On the second day of the year, their two daughters came over with their husbands for an entire day of barbecued meat and gambling. As far as I know from conversations with others, the practices of celebrating New Year's Eve with the husband's family and of the wife visiting her natal family on the second day of the New Year are very widespread in Taiwan.

their studies on the family. Many studies thus depict a close relation between kinship and economic organization. The stereotypical view of Taiwan as an island of Mom and Pop stores and small family workshops is not entirely untrue. Many of the leather tanneries I studied were family enterprises, and some of them proudly remarked that the organization of manufacturing into family-run factories is one of the unique characteristics of the Taiwanese economy. No study of Taiwanese industry is complete without a thorough discussion of such firms and their place in the economic development of the island.

Family Firms in Taiwan's Leather Tanning Industry *Defining the Family Firm*

Any discussion of family firms must begin with an operational definition of the concept. Labour use is not an appropriate definition in Taiwan, unless one wishes to abandon the concept altogether, as the family is no longer the basic unit of production in Taiwan's manufacturing sector. Wage labour having completely superseded the use of unpaid family labour, less than three percent of Taiwan's industrial workers now work for free in factories owned by their families. In the leather industry, the number of unpaid family workers is even lower than in Taiwan's manufacturing as a whole. In 1991, only forty-nine of the 10,022 people employed in the industry were unpaid family members, less than half of one percent (Directorate-General 1993: 21). If family firms are defined by unpaid family labour, therefore, there are very few family firms left in Taiwan. Those that remain are microenterprises with less than five employees.

Table 3:1 Workers and unpaid family workers in Taiwanese manufacturing, 1991

No. of employees	persons engaged (a)	family workers (b)	Family workers as % of persons employed (a/b)
less than 5	149,817	53,131	35
5-9	225,032	14,582	6
10-29	524,074	4,132	0.7
30-49	264,928	194	0.07
50-99	341,798	37	0.01
100-499	567,365	--	--
more than 500	592,421	--	--
Total	2,665,435	72,076	2.7

Source: Directorate-General of Budget Accounting and Statistics 1993: 21

Ownership and management are alternative indicators of whether or not a firm qualifies as a family firm. I define family ownership as firms owned exclusively by heads of families (sole proprietorships) or as kin-based joint ventures. Using this definition, forty-seven out of sixty-eight tanneries in southern Taiwan are family owned firms. Twenty-two tanneries identified themselves as sole proprietorships. In most cases, these firms were owned by the family head, and managed mainly by members of the family. In other cases, no other family members were involved in factory management, with both wives and children pursuing their own careers and the factories hiring professional management. Twenty-five tanneries said they are joint ventures, but the partners are restricted to relatives. Those partners, however, are not necessarily involved in the actual operation of the tanneries. In some of those kin-based joint ventures, the owners proudly noted that they are really sole proprietorships, but they register other family members as partners in order to reap the lower taxes and limited liability benefits bestowed by the state on limited partnerships. Nineteen tanneries said they are joint ventures with families or firms unrelated to them

by kinship.³ Two tanneries are listed on the Taipei stock exchange, and have hundreds of share-holding "partners." Ownership patterns in the industry, according to their own self-identification in interviews, can be summarized as follows:

Table 3:2 Ownership patterns in the Taiwanese Tanning Industry (N=68)

Sole proprietorships	22	(32%)
Kin-based joint ventures	25	(37%)
Non kin-based joint ventures	19	(28%)
Corporations listed on the Taipei stock exchange ⁴	2	(3%)

Source: field notes

I define family managed firms as firms in which fifty percent or more of the management positions are filled by kin. In most of the tanneries studied (forty-two out of sixty-eight), at least fifty percent of management positions were filled by family members. Out of forty-two family-managed tanneries, thirty-five hired no outside managers at all. Nine of them were run solely by the male head of household, eleven were jointly managed by husband and wife, and the remaining fifteen were managed by fathers and sons. Only twenty-six of the firms studied were managed primarily by professional management hired on the labour market. Management in the industry is organized as follows:

Table 3:3 Management patterns in the Taiwanese tanning industry (n=68)

Less than 50% of managers are family	26	(38%)
At least 50% of managers are family	42	(62%)
All managers are family members	35	(51%)
Managed solely by family head	9	(13%)
Managed by husband and wife	11	(16%)

Source: field notes

³ When firms looked beyond kinship for capital or management skills, they looked to colleagues or other acquaintances in the leather industry, a strategy I look at in greater detail in the following chapter.

⁴ Listing on the stock exchange by no means indicates that they are not family firms. In the next chapter, I take a closer look at these two firms and how their leading families still maintain control of the firms by majority share-holding.

In thirty-eight of the tanneries studied (56%), there was a clear correlation between family ownership and family management. Of the forty-seven firms self-identified that identified themselves in terms of ownership as sole proprietorships or kin-based joint ventures (Table 3:2), thirty-eight are not only owned, but also managed primarily by family members. Five sole proprietorships and four kin-based family ventures hire professional management, and did not classify themselves as family firms when asked. Four firms were managed primarily by the members of one family, but they were joint ventures with partners unrelated by kinship, a strategy employed primarily to raise capital. Seventeen firms were neither family-owned nor family-managed, qualifying them as corporations. The tanneries of Southern Taiwan can be categorized as follows:

Table 3:4 Family ownership and management, Southern Taiwanese tanneries

family owned and managed	38	(56%)
family owned, but professionally managed	9	(13%)
dispersed ownership, but family managed	4	(6%)
neither family owned nor family managed (corporate)	17	(25%)

Source: field notes

Most of the tanneries I studied fit the standard image of Chinese family enterprises. Sixty-nine percent (more than two-thirds) were family owned. Sixty-two percent were family managed. And fifty-six percent were both family-owned and family-managed. These figures need to be placed in perspective, however. The thirty-eight family owned and managed tanneries accounted for only 23% of the capital invested in the industry as a whole in southern Taiwan and employed only 34% of the tannery workers in the region. The twenty-six professionally managed firms, on the other hand, accounted for 76% of the capital invested and 64% of the workers hired in the tanneries of southern Taiwan. The seventeen corporate firms invest 61% of the capital and

hire 51% of the workers in the region's tanneries. Most tanneries are family owned and managed, but the professionally managed firms dominate the industry in terms of both capital investment and labour hiring. Before discussing those large professionally managed corporations, it remains to take a closer look at some family tanneries.

Selected Histories of Family Tanneries

Peikang: a Rural Family Economy

Rural Peikang district of Yunlin County, one of Taiwan's poorer rural areas, is home to several families that combine tanning with farming activities. By Taiwanese standards, Peikang is a relatively isolated rural district, as it lies neither on the train line nor on the expressway that runs from Taipei to Kaohsiung. The nearest urban centre is the small city of Chiayi. Due to the town's relative proximity to Chiayi, most of the Peikang tanneries started out as subcontractors for large tanneries in Chiayi, or as suppliers for shoe factories there.

Of the sixteen leather tanneries in Yunlin County that had registered with the government in 1992, three had already gone out of business by the time I arrived to study them in early 1997. Twelve of the remaining tanneries were located in Peikang Township, six of them in one small village. The tanneries were scattered about in three dispersed hamlets, and finished hides were laid out in the fields drying in the sun. With no water treatment plants in use, the streams and irrigation canals ran blue with the foul-smelling effluents that flow from the tanneries. Most likely due to the rising environmental awareness that frequently makes headlines in the Taiwanese press, some of the neighbors were displeased with the presence of the polluting industry in their village. One tannery was vandalized, with the characters for "stinky leather"

painted across the front.

Most of the tanneries in Yunlin County are small, family microenterprises. They have an average registered capital of NT\$9 million, and a median number of fifteen workers. The largest employer in the local tanning industry is a transplant from Kaohsiung, a pigskin tannery that relocated to Yunlin in search of a docile rural labour force. They hire fifty-six people in a well-organized pigskin tannery. In terms of ownership, the Yunlin tanneries are all family enterprises, and only one has a partner unrelated to the owner by kinship. In terms of management as well, Yunlin tanners keep business in the family. Only one tannery in the county has hired non-family members in management. That tannery is not in rural Peikang District, but rather in the relatively urban town of Tounan, located on the railroad. That Tounan tannery, consistently the exception in my analysis of Yunlin tanneries, is also unique in that it is owned by a woman and that they recycle leather scraps rather than actually processing raw hides themselves. I discuss the history of this firm in chapter seven.

Unlike most tanneries in Taiwan, the Yunlin tanneries all use family labour in the production process. In fact, it was difficult for me to distinguish the owners from the workers, as all members of the family engage in the labour process, working directly with the hides and tanning chemicals. Eight out of the twelve Peikang wives work in the tanneries alongside their husbands, and four are housewives uninvolved in the labour process. Like elsewhere in Taiwan, however, they hire foreign labour. Forty-eight Filipino men and one Filipino woman work in Yunlin leather tanneries, making up 23% of the 216 workers who work in the local leather industry.

All but two of the Yunlin tanners live and work in

the same place. The exceptions are again the Tounan recycled leather facility and the transplant from Kaohsiung. Eight of the Peikang tanneries were established on inherited farm land, originally distributed during Land Reform, and intended to provide a supplementary income to farming. Two of the tanneries had expanded, purchased land in a small industrial park in Peikang, and moved their families into the new tanneries. One tannery had a large professional-looking office, yet the entire staff was composed of family members, and part of the office was set aside as a nursery for the small children, tended by their grandmother.

Peikang was by far the most hospitable place in which I conducted research, largely because business is poor and the local tanners had sufficient idle time to entertain a visiting anthropologist. In several tanneries there, I was invited to join them for meals, joining them at large round tables where workers and tannery owners eat together every day. One tanner even invited me to join him on a trip to a Chiayi sauna to visit prostitutes, an offer which I politely declined. All of them were pessimistic about their future, and none of them saw any hope of continuing their business into the next generation. With almost the entire shoe industry and many of the tanneries relocating to China and Southeast Asia, it has become increasingly difficult for small rural workshops to survive on subcontracting. Only large firms with international contacts and English-speaking staff have been able to successfully manage relations with shoe factories scattered around the Pacific Rim. Unlike tanneries in other parts of Taiwan, Peikang tanners have been unable to generate the capital needed for overseas investments. Only one Peikang tannery has managed to invest overseas, and that is a failing joint venture in a Sichuan bowling alley.

As I walked into one tannery, registered with the government with NT\$20 million in capital and 34 workers, an old man was leaving the compound on an ox-pulled cart. I slowly walked past a black ram standing in the doorway, and entered the tannery itself. The tanning drums and other machines were still. No workers were in sight. I slowly backed out when a large dog rushed out from the back room and began barking at me fiercely. A man walked out of the house, and asked me who I was looking for. When I told him that I was doing a study of the Taiwanese leather industry, he took me into the house, sat me down with a cup of tea, and went upstairs to find Zhou Mingren, the owner. Saying he had nothing else to do anyway, he shared with me his life history and showed me around the tannery, emphasizing how pitiful he is since he has invested his life in tanning and now business has dried up almost entirely.

Mr. Zhou was born in 1948 in Yunlin. He graduated from primary school and as a youth went to Chiayi to work in a leather tannery there. At the time, he said, there were many shoe factories and tanneries in Taiwan, and workers were willing to labour twelve or even sixteen hours a day for a pittance of a salary. Like many others of his generation, he saved up his wages, and built his own business, a tannery, on his family's farm land.

Ten years ago, business was thriving. He invested NT\$20 million in the tannery, and once hired 34 workers. But with high wages, rising prices of raw materials, and the loss of important customers when both large tanneries and shoe factories left Taiwan, his business has foundered. His tannery now has only five workers, including himself and two sons who do most of the work, when there is any work at all to be done. He gave me a tour of the factory. Many parts of the tannery are now empty, the machines having been sold off to meet

pressing financial needs. Most machines were silent, but one tanning drum started slowly revolving as we toured the plant. Some machines were covered entirely in dust, and the drying rack was being used to dry the family's laundry rather than hides. His son and two workers were pushing leather through the splitting machine. He said they have so few orders that they can no longer afford to run the entire production process at once. Instead, his sons and two hired workers slowly put the hides through the entire process step by step themselves.

He took me upstairs, and showed me a large, empty office. He once hired three secretaries, he said, but now they don't even use the office. The phones have been removed. FAX and telex machines stand covered with dust. He showed me a stack of unused invoice forms, printed for the company but never used because the orders dried up. A display room designed to exhibit leather samples is now just a playroom for his children, a place to watch TV and play Mahjong. Behind the office, was a dormitory, a kitchen, and recreation room with billiard table, all once used by Thai workers, but now empty, abandoned. I felt as if I were walking through a ghost town. Tanning is a "sunset industry," he explained, an industry in decline, since the shoe factories have moved overseas. Yet some family firms, primarily in Kaohsiung and Tainan, have adapted well to the globalization of the industry. Their histories reveal much about the structure and problems of Taiwanese family firms.

Longfeng: a Successful Family Tannery

Kaohsiung's Longfeng Tannery, which also uses the British-sounding name of Lancaster Leather, is one of the most impressive tanneries I visited, and stands in stark contrast to the impoverished family tanneries of Peikang. The factory is surrounded by a neatly

maintained brick wall with a sparkling white entrance gate, and the name of the factory is written in both English and Chinese. A brand new pagoda in Chinese architectural style has been erected on top of the parking garage. I approached the gate slowly, and noticed that the gatehouse was empty. Devoid of any personal effects, it had apparently been empty for quite some time. There was a speaker system set up on the gate, however, with a sign indicating to push a button. Even before I had pushed the button, a woman's voice came over the loudspeaker and asked me who I was looking for. I explained that I was doing a study of the Taiwanese leather industry, and would like to ask them some questions. The gate rolled open, and I went in. The factory compound was even more impressive. Inside was a meticulously landscaped garden, and two cages adorned the office building in the center of the courtyard. One was full of peacocks, and the other contained menacing looking dogs, presumably set free to patrol the factory grounds at night.

I went into the office, where four women were working at their desks. Golf trophies adorned the office, as well as certificates of registration with the government, a faded picture of Sun Yatsen, and a photo of the tannery's owner posing with President Li Teng-hui. On the walls hung wooden signboards, carved with the Chinese characters for prosperity and wealth, which had been given to them by well-wishing business partners. There were several wall calendars with US maps on them, given to them by American hide companies, a rack of baseball glove samples, and the usual clutter of computers, fax machines, and photocopy machines. I told them about my project, and was given permission to interview Tang Meili, the owner's unmarried daughter, who speaks English and handles the firm's import/export affairs.

I started out the interview by asking her about her family's history. They own a leather tannery, a baseball glove factory in Taiwan, and another baseball glove factory in the Philippines. The tannery had been started by Tang Zhengwu, her grandfather. During the Japanese occupation of Taiwan, he received a Japanese education, becoming fluent in both written and spoken Japanese. As a young man, he went to work in a Japanese chemical factory, and learned how to work with the chemicals used in tanning. After several years of experience, he was sent to Hainan Island, off the southern coast of Guangdong Province, where he worked in management for a Japanese-run tannery. After the war, he came back to Taiwan and started his own tannery. As the tannery grew more profitable, they expanded and went into baseball glove manufacturing.

The company is a good example of a successful family tannery, since all of the male relatives and their wives work together in the company. Her grandfather had seven children. The four daughters all married out and all three sons stayed with the family to work in the tannery. The eldest son was her father. Now that the grandfather no longer works in the tannery, he has taken over as president and CEO. His wife is the financial manager of the tannery, in charge of all financial decisions. The second son is now in charge of the baseball glove factory in the Philippines. His wife used to work in the baseball glove factory in Taiwan, but retired from the company when they moved to the Philippines. "Salaries are so low there," explained Meili, "that she doesn't have to work. They can hire Filipino people to do all the work." The third son is the general manager of the tannery, and his wife is the production manager of their Taiwanese baseball glove factory.

The third generation, however, is less involved in

tannery affairs. Only the three children of the elder son have reached adult age. The elder son is working on his Ph.D. in electrical engineering in California. He has a family in the States, and has already acquired permanent residency. He plans to return to Taiwan upon completion of his studies, but will not work in the tannery. The younger son is still working on his bachelor degree in economics in the States, and is likely to return to work in the tannery. Their daughter, whom I interviewed, had already graduated from a California university, and has returned to the tannery, where she plans to work until marriage.

Guorong Tannery: Family Division

The Taiwanese are well aware of the problems that can emerge in families and family enterprises, and several well-known proverbs point out those problems. "Wealth does not exceed three generations,"⁵ goes one proverb, indicating the tendency of families to divide and split the wealth, a problem which has long plagued the Chinese agricultural economy. "Every family has a scripture that's hard to recite"⁶ uses Buddhist imagery to suggest that every family has stress and problems. Actual work relations at Longfeng are probably not as harmonious as the image they present to the outside world, but at least they have managed to stay together thus far. Neighboring Guorong Tannery, on the other hand, is an example of a wealthy family tannery that did not manage to stay together.

Shen Guorong was born in Kaohsiung County in 1914. Like many others of his generation, he started leather tanning by working in one of the tanneries established by the Japanese. Mastering the technology quickly, he became one of their leading technicians. He was sent to Hainan Island, where he worked with Tang Zhengwu, the

⁵ 富不過三代

⁶ 家家有本難唸的經

founder of Longfeng Tannery. They became close friends and sworn brothers. When the Japanese lost the war in 1945, they came back to Taiwan. Tang Zhengwu opened up Longfeng Tannery tannery and Shen Guorong went to work there as a technician. As soon as he acquired enough capital, however, he left. Using both his own savings and money contributed from his parents, he opened up his own tannery just down the street from Longfeng.

In the early days, their tannery was a typical family enterprise, with the husband managing the factory and the wife in charge of sales. They had four sons, and two daughters. Now in the second generation, the tannery has expanded and the family owns a small empire in leather and leather products. All together, they own two leather tanneries in Taiwan, one tannery in Shanghai, several shoe factories in Taiwan and China, as well as a construction company in Taiwan. After the father's death, the elder son Shen Zhenwen took over management of the tannery in Kaohsiung.

The second son studied electronics, and has left leather entirely, pursuing his own career in management of an electronics firm. Shen Zhenguo, the third son, pursued an entirely different career. He got an M.A. in East Asian Studies from a university in Taipei, and then returned to Tainan to teach at Chengkung University. After a few years, his father asked him to return to the family company, and he took a job managing one of the family shoe factories. In 1980, he had a disagreement with his elder brother and left Kaohsiung. He bought a leather factory that came up for sale in neighboring Tainan County, and is now the president and CEO. That purchase and subsequent move was described by the son who made the move as family division (*fenjia*),⁷ although the actual situation is more complex, as I show below. His younger brother and younger brother-in-law both work

⁷分家

with him in management. This company has been very successful. Although they hire only forty workers in Taiwan, they also operate tanning facilities in Shanghai. In order to accommodate the rapid growth of their company, they have shifted from family to professional management, hiring five of their eight upper-level managers from outside the family.

Since that new tannery was founded, the original tannery in Kaohsiung has also expanded. In 1987, they moved from their original location in their home village to an industrial park just outside of town, where they hire seventy workers. The management of this company still rests entirely in family hands. Shen Zhenwen, the founder's eldest son, is the president, and his wife works in labour management. His younger brother is the general manager. A paternal cousin is the production manager, and Shen Zhenwen's son is in charge of sales. A nephew and daughter-in-law work in lower ranks of management.

The father explained that their family continues to prosper because they have not divided up legal ownership of the companies and still pool capital. Management and operation of the tanneries, however, has been divided and the two brothers do not cooperate. This arrangement allows both brothers the autonomy they seek, but forestalls a complete division of the firm. A complex share-holding system separates ownership from management and preserves collective family ownership in spite of separate individual management. Both tanneries are share-holding corporations, and the brothers both own stock in both companies. The shoe companies are also legally separate entities, and they all own stock in those companies as well.

When I asked them how specifically who owns how many shares of each company, and how they divided up capital and management responsibilities within the

family, I was greeted with silence. That is secret family information, they explained, which they cannot share with outsiders. The neighboring tanners, close friends of the family for generations, however, were willing to speculate, especially as it gave them a chance to compare their own successes against the failures of another family:

We have stronger ties than they do. My uncles all work together, but their family has already split. It's normal. Everyone has their own family and wants to protect their own financial status. Some work harder than others and think they should get paid more. Others have more education and want more pay. If you work together, some people are bound to get jealous. But in our family, we just share the work and we don't think that way. We always try to look at things from the perspective of others, not just our own. That's how we can cooperate together.

Family Ties: Keeping Good Management

In spite of the problems encountered by family firms, some tanneries prefer to hire family rather than professional managers, a decision which they describe as a rational business strategy. Professional managers are likely to leave if they receive a more attractive job offer from a competing tannery. Family members, whether agnatic or affinal kin, are constrained to a certain extent by an ideology that stresses family loyalty, a pressure that makes it more difficult to leave and join the competition. If adequate labour resources are available in the family, giving management positions to family members is a rational strategy to reduce the risk of losing valuable management talent.

Balin Leather in Tainan County, for example, is a new, family-managed tannery. When I visited this factory unannounced one February afternoon, I was warmly received by Yang Zhiwen, the company's short and stocky owner. He served me tea, and answered my questions in detail, offering me full information about his personal

history and the establishment of his tannery. After graduation from high school, he said, he studied chemistry for two years at a technical institute in Tainan. He expected to join the army, but was refused by the military on the grounds that he was too short, and so was free to concentrate on his career at a young age. His chemistry teacher got him a job as a chemical technician at the large corporate tannery Yongliang, the president of which was the teacher's brother-in-law. He worked there for five years, before taking a higher paying job at Dahua, another corporate tannery. He spent eleven years there, but eventually left when he was offered a more lucrative position as factory manager at Qiujiing Tannery. He stayed there for only two years before leaving to open his own tannery. Constructed only in 1991, Balin Tannery has already become one of the largest tanneries in Taiwan, employing over 100 workers.

Due to high entry costs, it is no longer feasible for most families to enter tanning with only their own resources. In terms of ownership, Balin Tannery is thus not a stereotypical family tannery but a rather complex joint venture. With an initial investment of NT\$20 million (US\$635,000), Yang Zhiwen bought land and built a factory in a small village north of Tainan City. The start-up capital was a mix of his own savings, bank loans, and venture capital from thirty-three stockholders, only five of whom are kin. Other partners include former classmates, colleagues from the other tanneries where he has worked, technicians who work in the tannery, and corporate investors in related leather goods and chemical industries. Eventually, they plan to offer stocks for public sale. Mr. Yang is modest about his company's achievements. He said:

We started small, with only thirty-four workers. Every year, I reinvested the profits and we grew slowly from year to year. Now it's a big factory

with over 100 employees. You can't just start up with a big factory like this.

Mr. Yang stressed, however, that his tannery is unusual in that all of the important management positions are held by family members. In addition to himself as president, his wife is the financial manager, his wife's elder brother is the general manager, and his wife's younger brother is the production manager. Two nephews, sons of his elder brother and elder sister, and the husband of one of his nieces, fill lower ranks of management. His own son has just completed military service, and is now studying English in preparation for attending school at a leather tanning institute in England. After graduation, he will come back and work in the tannery.

I asked him why they staff management positions only with family members, instead of hiring professional management, like most other large tanneries. "Because it's a new factory," he replied. "We don't want to hire non-family management because if you find good people, there is a risk that they will leave to join another factory." He stressed the difficulties of setting up a leather tannery. It is already difficult to acquire investment capital, technology, and a customer base. Most difficult of all, however, is human capital. In order to survive in a competitive market, tanneries need to get skilled labourers and good managers, and keep them in the firm. As his own career demonstrates, the most skilled managers are likely to leave if they get more lucrative job offers from other tanneries. As a new company, he can't afford to lose good talent. So he prefers instead to cultivate talent from among his own relatives, firmly believing that family loyalty will keep them in his firm. Nonetheless, he reinforces family ties with high salaries and partial ownership in the tannery.

Yuandong Leather in Tainan County goes even further. Like Balin Tannery, all management positions are held by relatives. Moreover, the four brothers who own the tannery all work directly in the labour process as technicians, each of them supervising a different part of the labour process. Mr. Shi, the president, says that only family firms such as his can guarantee consistently high quality, since they can rely on family members to stay in the firm as technicians. It takes three to five months for a new technician to adjust to the conditions in a new tannery. Even if he has years of experience elsewhere, each tannery is different. Since water in different places, even within the same county, can vary greatly in terms of temperature and Ph levels, technicians need to learn from experience how the water in a particular location will react with tanning chemicals and hides. During that learning period, even the best technicians cannot provide the best quality leather. Bureaucratic firms cannot guarantee good quality, because the high labour mobility of technicians and the constant need to train new people influences the quality of their goods. Family firms like his, stressed Mr. Shi, can survive because they produce the expensive, high-quality leather than only experienced technicians can provide.

The Problem of Trust

There is no simple progression from family firms to corporations, as family firms hire management after expanding to a point where they can no longer meet labour requirements from the resources available by the family. In fact, firms intended to be joint ventures can sometimes evolve into family firms when they dissolve due to problems of trust. I encountered three such cases of firms that split up due to distrust among unrelated partners. Xiangfeng Tannery in rural Kaohsiung County, for example, was established by two

neighbors. Twenty-seven year old Hu Qinghong explained to me the predicament that his father faced when he opened up the tannery. Initially, they had only been rice farmers, but a neighbor opened up a tannery on his land. As that tannery expanded, they needed more space for leather production and the Hu family rented land to them. Eventually, however, the neighbors approached them with an idea for a joint venture. They would provide technical expertise in tanning, with the Hu family offering both land and capital.

As the tannery grew, the Hu family soon realized that their partners were taking most of the profits. "They ripped us off," said Hu, "taking all of the profits for themselves." Seeing that I was taking copious notes of all of his complaints, he quickly softened his comments. "Don't tell them I said that," he said. "In fact, you could say that they helped us a lot because they taught us how to make leather. But now they aren't any better than we are." Nonetheless, the bitter experience taught them not to trust non-family members. They only hire family members in management, and only have family investors. Family members are even involved in supervising the technical aspects of the labour process, a difficult task in a factory of over 100 workers. They have learned, he said, that they can only rely on themselves.

Conclusions

These case studies reveal that the family firm is a problematic, if potentially effective, form of business organization. The case of Guorong Tannery shows that family ties not always reliable. Brothers can and do have serious disagreements, causing family firms to break up, even as joint ownership in this particular example prevented legal dissolution of the firm. It is most likely the mediating role of the father which made that arrangement possible. The risk of disintegration

is especially great after the death of the founding patriarch, if plans for succession have not been laid well in advance. Nonetheless, the ideology of loyalty to family can strengthen a firm. Family members can often be relied on to stay in a firm rather than changing jobs frequently in search of higher salaries. In a highly competitive and technically complex industry such as tanning, hiring family members can thus reduce the costs involved in constantly training new managers and technicians. I am not arguing that ideology alone keeps sons in family firms. The fact that they will one day inherit the firm is itself a material incentive for loyalty and hard work.

Although sons may be rewarded with inheritance for their hard work and loyalty, women are placed in an entirely different position in Taiwanese family firms. As I observed at the Chinese New Year festivities, women are not considered to be a part of their natal families after marriage. At marriage, Chinese women are said to "marry out" of their natal family and marry into another family. Their natal families, however, may still be important in making business contacts and finding employees with management skills. I noticed that many tanneries hired affinal relatives. The increased use of affinal relatives in business networks has also been observed by Gallin and Gallin (1982), based on twenty years of repeated visits to the same Taiwanese village. In entrepreneurial families, a woman's marriage usually means a workplace transition from her father's company to her husband's company. She is expected to care for her husband's family, and place their interests over those of her own parents.

These patterns of behavior provide a firm material base for a misogynistic ideology in which parents prefer sons over daughters. Sons can usually be counted on to provide for them in old age, whereas daughters will

eventually "marry out" and care for other people. This patriarchal family system has been criticized by a number of Taiwanese and foreign feminist scholars (i.e., Greenhalgh 1994, Ho 1994, Hu 1995), and Gates (1993) shows how Chinese women themselves contest kinship ideology. The role the kinship system plays in the leather industry will be discussed in detail in chapter eight of this thesis. For now it suffices to note that women are placed in a subordinate position in family firms, except those that they themselves help establish, and they commonly have less freedom of choice in their economic activities than do men. If a woman marries into an entrepreneurial family, she is frequently expected to work for her husband's company rather than pursuing her own career.

Family firms continue to play an important role in the Taiwanese economy, but they are only part of the picture. In the Taiwanese leather tanning industry, professionally managed corporations have been in existence since the colonial era, when a *pax japanica* and clearly enforced property rights made such investment profitable for the first time in the island's history. Over the course of the past forty years, during the so-called "Taiwanese miracle," there has been a further trend away from family firms and towards professionally managed corporations. That is the subject of the next chapter.

Chapter Four

Beyond the Family: Corporations and Corporate Networks

Exclusive focus on Chinese-owned family firms only reinforces the commonly held notion of what Greenhalgh (1984: 534) called the "family-cellular nature of Taiwan's society and economy." Yet ever since Morton Fried's (1969 [1953]) ground-breaking research on the fabric of society in a Chinese town, there has been an alternative tendency in anthropology to look at non-kin ties that can furnish links between the family and larger areas of civil society. Some have examined non-kin associations such as native place ties or religious groups, and how these group identities influence labour recruitment or the ethnic structure of particular occupations (on native place ties, see Honig 1986, 1992, Hershatter 1986; on religion, see Skoggard 1993). Occupational or professional ties also link unrelated families and individuals. These non-kin ties have become increasingly important in Taiwan in the past century as part of a shift from a strong familial mode of organization to a non-kin mode of organization (Thornton and Lin 1994). A shift towards corporate industrial organization, the subject of this chapter, is thus merely part of a wider sociological change that began during the period of Japanese colonialism.

In the past, the main obstacles to corporate formation in Taiwan have been legal. For most of the past century, native Taiwanese entrepreneurs have been restricted by the state from building up large, profitable corporations. During the Japanese period, a distinction was made between the ruling Japanese and the Taiwanese masses. All major industries, including sugar refining, paper, cement and even leather, were directly or indirectly owned by Japanese conglomerates. In 1941, more than 90% of registered corporations with paid-up

capital of at least 200,000 yen were owned by Japanese.¹ From 1912 to 1923, Taiwanese firms without Japanese partners were even prohibited from using the word *kaisha*² ("corporation") in their names. As a result, most Taiwanese-owned businesses remained small (Numazaki 1986: 489).

Even after the Second World War and the takeover of Taiwan by the Chinese GMD, a dual economic structure persisted. The new government took over Japanese-run industry, keeping most banks and heavy industry in the state sector. The result was once again an ethnic division of the economy, with Mainlanders in the GMD controlling the state sector, and Taiwanese left to run light industry and petty enterprises. This perpetuated the dual economy of what Gates calls petty commodity and tributary (state) modes of production (Gates 1996). Leather, perceived by the GMD as unimportant, was left to native Taiwanese from the beginning of GMD rule. It proved to be a niche industry in which native Taiwanese corporations could develop.

Beginning in the 1980s, Taiwan began a process of economic liberalization which has slowly altered that dual economic structure. Private investors are now allowed to enter into industries, such as banking, that were once dominated by the state. Furthermore, state industries, even such giants as China Steel and Yangming Marine, have begun the process of privatization and their stocks are now freely traded on the Taipei stock market. In a concentrated effort to rationalize the private sector, the state has also encouraged smaller private firms to expand and adopt corporate forms of organization. When firms register as share-issuing corporations, for example, they reap the benefits of lower tax rates and limited legal and financial

¹ Note that ¥200,000 was much more money in 1941 than it is today.

² 會社

liability.

General Tendencies in the Taiwanese Tanning Industry

Industry insiders identify two major trends in leather tanning, reflecting changes in the Taiwanese economy in general. The first is a trend towards corporate organization, meaning a separation of ownership and management and the increased hiring of professional managers. That trend is the subject of this chapter. The other is a shift away from labour-intensive to capital-intensive production, a trend which I will discuss in the following chapter.

The corporatization of Taiwan's tanning industry is part of a general trend in the Taiwanese economy which began in the 1980s. One rough indicator of corporatization, used by government economists, is the number of firms registered as corporations.³ In 1986, 46% of Taiwanese manufacturing firms were registered as corporations, and 53% were registered as non-corporate entities. By 1991, the proportions had reversed, with 54% registered as corporations and 46% as non-corporations (DGBAS 1993: 27). Corporatization is even more prevalent in the leather industry than in the economy as a whole. Island-wide, 78% of leather processing firms are of the corporate type, the remaining 22% being non-corporate entities of the sole proprietorship or joint venture types (DGBAS 1993: 292). In terms of actual on-the-ground practices, many companies register formally as corporations in order to reap the lower taxes and limited liability benefits bestowed by the state on limited partnerships. In my sample of sixty-eight tanneries, I found that nineteen of them were non-kin based corporations composed of unrelated partners. Two tanneries are even listed on the Taipei stock exchange, and have tens of thousands of

³ *gongsi*, 公司

share-holding "partners."

In forming a corporation, unrelated individuals may cooperate in a common task, such as making leather, by contributing varying amounts of capital and skills. In tanning, the trend towards corporatization means that capital investment is now as important as skills in opening up a tannery. In southern Taiwan, in fact, 16 out of 68 (24%) tanneries were started by individual investors with absolutely no experience in tanning at all. Of those tannery owners with related professional experience, twenty-six (38%) had worked on the production line. Twelve individuals (18%) had worked in tannery management. Six (9%) had worked in management in related industries, such as shoe companies. Four (6%) had been involved in hide or leather trade. An additional nine individuals (13%) had learned tanning and business skills from working for their own family's tanneries.⁴

Once they start tanneries, Taiwanese tanners are not reluctant to hire talented non-family professionals to fill management positions. In fact, seventy-four percent of the individuals employed in the industry's managerial ranks are not related to their employers. This is the most direct evidence of a trend towards separation of ownership and management in the industry. Most tanners say it is necessary to hire management talent on the labour market, because it is rarely possible to find all of the skills a factory needs within the family and friendship circles of the owner.

Capitalist tanners, with capital and no skills, must hire everyone from technicians to management from other tanneries, since neither they nor their family members know anything about the business. Capitalist tanners complain, however, about high mobility among management ranks. Tanners often raid the competition

⁴Replies add up to more than 100% due to multiple responses.

with offers of ever higher salaries to win the most talented managers into their ranks. In order to slow down labour mobility, some large companies have begun issuing shares in the company to high-ranking managers, a practice also common in North America.

From Teeth to Skins: an Example of a Capitalist Tannery

Sixteen of the tanneries I studied were started by enterprising individuals who saw leather as a profitable business. With no experience at all in tanning, they bought out existing tanneries and hired outsiders to run the firms. Tainan County's Yuexing Tannery is just one example of such a capitalist tannery. In this factory, I interviewed Chen Wensheng, the assistant general manager. Looking over my factory list, he noted that that there are now very few family factories left in Taiwan. The major players -- Dahua, Shengli, and Qiujiang -- are all professionally managed corporations.

Yuexing itself is a relatively new tannery. It was started as recently as 1979, when Taiwan's shoe industry was in rapid expansion. Li Zhonglian, the owner, was born into a well-established capitalist family. His father, the owner of a processed food factory, had seven children, most of whom did not continue to work in the food industry. The eldest son struck out on his own and opened up an electronics factory. The second child, a daughter, married out. The second son became a medical doctor, and now teaches at Kaohsiung Medical College. The third son took over the family processed food company. The two younger brothers are both medical doctors. They operate a clinic together, and one teaches at Kaohsiung medical college.

The fourth son went to dental school. Unsatisfied with dentistry, however, he turned to his family to find a job. He first worked for the family food company and then did a stint at his brother's electronics factory.

In addition to his own work, he also earned money from an investment in Sanyou Tannery (see below). After accumulating enough seed capital and securing a bank loan, he bought his own tannery, a bankrupt company that came up for sale. With little knowledge about tanning or leather, he had to rely entirely on hired management and technicians. His family has never been involved in the tannery in any way. His three children have college educations and show no interest in working for their father's firm. Rather than expecting them to take over the tannery, their father encourages them to pursue their own career interests. This lack of family involvement means that he has to run the tannery with hired labour and management. He hires eighty-nine workers, six managers, and five office ladies,⁵ none of whom have any kin relation to him at all. This tannery is thus a good example of a sole proprietorship, owned by an individual who does not run the company with family labour.

But where do capitalist tanners find skilled managers? Taiwanese entrepreneurs are known for preferring business relations with people with whom they share common ancestry, common native place, or common religion. In these capitalist corporations, however, common occupation, or *tonghang* is considered to be the most appropriate tie. Members of the same occupation are called *neihang*,⁶ meaning insiders, and others are appropriately referred to as *waihang*,⁷ or outsiders. Unlike traditional ascriptive ties, occupational ties

⁵ This translation of 小姐 (*xiaojie*, literally "little lady") is borrowed from the Japanese term for the position. Office ladies are not merely secretaries. In addition to answering the telephone, corresponding with other companies, and preparing tea, they often perform important financial and administrative tasks for the companies they work for. Their role is thus in a gray area somewhere between secretarial staff and low level management.

⁶ 內行

⁷ 外行

are earned, and can be traded, bought and sold on the labour market. By working together as labourers on the same factory floor, or through sustained contact as in the case of a raw hide agent and a tannery owner, ties of trust can develop which later can be drawn upon for mutual benefit. Often, when asked how they found business partners or professional managers, tanners would give the common-sense reply of "friends in the same profession" (*tonghang pengyou*).⁸ These ties, even more than kin relations and native place ties, have allowed enterprising Chinese to establish corporations, create corporate networks and accumulate increasing amounts of capital.

Some tanneries, as well as firms in other fields, seek *tonghang* relations with suitable foreigners in joint venture enterprises. In Tainan County, one tannery is 40% owned by seven Taiwanese partners and 60% by eight Japanese partners. In Changhua County, the American tanning giant Prime Tanning runs a tannery on behalf of a large Taiwanese shoe company. In joint ventures, *tonghang* is a close enough relation to form the basis for a new corporation. It is the only basis, in fact, for joint ventures with foreign partners, who are unlikely to share common ties of kinship or native place with Taiwanese capitalists. I now take a closer look at how some tanners use *tonghang* relations to build joint venture corporations.

Sanyou Leather: a Professionally-run Joint Venture

One sunny afternoon in May, I met Hong Mishan, now a hide trader, in his office near Tainan's Chenggong University. He told me the story of Sanyou Leather, one of Taiwan's most famous joint venture tanneries. Mr. Hong himself was once president of Sanyou. He is Taiwanese, born in Tainan in 1934, and a graduate of the

⁸ 同行朋友

Chemical Engineering Department at Chenggong University. He had his first experience in tanning at Yongliang, the older tannery described in chapter two, when he took a summer job there as a technician. He never intended to go into leather, he says with a smile:

I still don't know why I did tanning. We just happened to live next door to the owner of Yongliang and he was my elder brother's friend. I helped them out in the summers while I was in college and then I just stayed on after graduation.

Upon graduation from university, he began working full-time at Yongliang, and quickly rose to the position of production manager, a post he held from 1956 to 1969. Yongliang treated him well, giving him on-the-job training as well as sending him abroad to study leather. He spent six months at a leather institute in Germany and another six months studying leather technology in Japan. Since he is proficient in Japanese, German and English, he has been instrumental in bringing advanced leather tanning techniques to Taiwan, translating leather research reports for Yongliang.

In 1969, he and several colleagues left Yongliang to start their own leather company. "Back then, he said, "everyone wanted to be his own boss. It wasn't like now, when everyone prefers to work for someone else." They started out with eight partners. He himself was a technician, in charge of production, while the others took care of the market. Some of the partners were so-called "leather leaders," middlemen who sold leather to shoe factories, handbag factories, belt factories, and other leather goods producers. Of the eight partners, four were former employees of Yongliang, and two were leather leaders. Two were *tonghang* "friends" from other tanneries, who only contributed capital. Each of the eight partners contributed NT\$500,000, for a total investment of NT\$4,000,000. In 1969, that was enough to buy land and

construct a factory. With the land and factory as collateral, they were able to secure a bank loan to buy equipment. At that time, said Mr. Hong, the equipment wasn't as expensive as today, so it wasn't an unbearable burden. They located near a major highway, so that transportation would be convenient, and specialized in cow upper leather.

Hong Mishan has always kept tanning separate from his family life. His wife is a high school teacher, and neither she nor their children have any interest in tanning. His daughter has a Ph.D. and is a college professor in Taichung. His son has an M.S. from an American university, and is now running his own business in Internet technology.

I asked him if it was difficult to avoid conflicts among non-kin partners in a joint venture. He said no, relations among them were very good because they separated jobs very distinctly. More important, they made a profit every year. Sanyou was so successful, and its management spun off so many bosses, that it has come to be called "Leather University." Three big tanneries have split off from Sanyou: Dahua, Yuexing, and Qiujiang. Tanners still refer to them as Sanyou's children.

In 1991, changes in the wider Taiwanese political economy led to the closure of Sanyou, still a profitable tannery at the time. The main problem, argued Hong, was the introduction of the Labour Standards Law. Tanneries were having trouble finding labour as it was, but with the introduction of that law, government regulations became more onerous and they had to pay a lot for welfare benefits. Second, the area around the factory had developed and become urbanized. Neighbors were complaining because of the smell and water pollution. With rapid urbanization, land prices rose, and they calculated that the profit from the sale of the

land would be even higher than the profits they were earning from leather production. Furthermore, Dahua, a large tannery started by one of their former managers, had already "grown up," and the competition was cutting into their profits. In 1994, only three years after Sanyou closed its doors, Taiwan instituted a new system of hiring foreign labour in order to address the island's labour shortage. If the system had been in place earlier, mused Hong, Sanyou might not have closed.

Shanhua Tannery: an Anti-Pollution Coalition

Shanhua Tannery, located next door to a pig farm in rural Tainan County, is a unique joint venture set up by a coalition of Taiwanese leather tanners. Arriving at the tannery on a hot day in the spring of 1997, I noticed immediately that the tannery was different from others I had visited. The first clue was that the unpleasant odours were even stronger than usual, and the tannery courtyard was swarming with flies. Unlike many tanneries, there were no women trimming leather in front of the manufacturing area, and I saw no piles of leather scraps about to be shipped out for recycling. Instead, there was an open building filled with the largest collection of raw hides I had ever seen.

Mr. Zhang, the manager with whom I had an interview, led me into the building and we took our seats in the company's conference room. A secretary brought us cartons of cold wheat tea, and we began our interview. Mr. Zhang emphasized from the beginning that Shanhua Tannery is a special case, especially since it is not now and never has been a family tannery. Instead, it is a joint venture started by a group of investors in order to solve a common problem faced by leather tanneries. Since the wet tanning process is heavily polluting and smelly, tanneries face increasing opposition from their neighbors. In the face of such opposition, some tanneries have stopped doing wet

tanning, and concentrate on dry tanning. Some tanneries merely purchase wet-blue hides from domestic or foreign suppliers. Other tanneries have moved their wet tanning facilities outside of Taiwan, to places such as mainland China or the United States.

Shanhua Tannery, however, is a domestic tannery that specializes in wet tanning. In the 1980s, a raw hide trader named Mr. Huang noticed that tanneries were importing increasing numbers of wet-blue hides rather than raw hides, yet they lacked a reliable supplier. Forming a coalition of rawhide suppliers, *tonghang* acquaintances, and tanners, he bought out a struggling tannery in 1987. He cut out the dry tanning operations and specialized only in wet tanning, producing a secure supply of wet-blue hides for his partners and other customers. By 1997, the tannery's thirty workers were already producing two thousand hides a day, which are eagerly bought up by most of the tanneries in Taiwan. The tannery's remote location next to an already smelly pig farm has so far allowed it to avoid neighbors' protests, and its combined capital resources have permitted it to build water treatment facilities that meet government environmental standards. When the government strengthens and enforces environmental protection laws, said Mr. Zhang, their business can only improve.

From the very beginning, Shanhua Tannery has never been identified with any one family. Even family enterprises that adopt corporate management organization often remain family-owned, with one leading family controlling over 50% of the company's shares. At Shanhua Tannery, however, Mr. Huang and nine unrelated partners all have equal shares in the company. Although the identity of these partners is a company secret, Mr. Zhang said that some of them are Taiwan's leading tanners. They invest in Shanhua as a stable

subcontractor that can meet their needs for wet-blue hides.

As a corporation rather than a family firm, Shanhua Tannery relies on non-family professionals to carry out management tasks, and Mr. Zhang himself is one example. He studied printing in school. After the completion of his military service, he went into leather, working at Sanyou, a joint venture tannery in which his elder sister's husband was a partner. That brother-in-law, the dentist described above, eventually sold out his shares in Sanyou and opened up his own tannery. Mr. Zhang worked there for several years, but then took a job in China as a consultant for a Taiwanese company opening up a tannery there. In 1996, he gained a salary increase, an impressive title and a chance to return to Taiwan, by taking a job as general manager at Shanhua.

I asked him if the president has any relatives working in the tannery. To my surprise, he said that the president had a nephew working on the production line as a normal worker. I said I was surprised that a relative of the president would take such a hard job, since it is rare for family members to work directly in leather production. The nephew just started working there, he explained, and they chose to start him in production to teach him about the industry. I asked if they planned to promote him into management. He merely laughed, saying that would depend on his ability, and he doesn't seem to have much. He predicted that that nephew would soon tire of the heavy labour and leave the tannery. Relatives, it seems, get no special treatment in this corporate joint venture.

Tanneries on the Stock Market

Perhaps the largest step that a firm can take away from the family form is to open up ownership to complete strangers by issuing stock in the company and raising capital on the open market. Ever since the Taipei

Stock Exchange was established in 1962, Taiwanese firms have increasingly looked to capital markets. The leather industry has been no exception. Two tanneries in Taiwan are traded publicly on the Taipei stock market. Since these companies are required to publish annual reports to stockholders, their operations are relatively transparent. The following analysis is based on both interviews and data from annual reports.

Lingnan Tannery, with its corporate headquarters in Kaohsiung and its tannery in Tainan County, is the world's largest pigskin tannery. The company was established in 1980 by Chen Zhicheng, who saw in leather tanning a profitable way to recycle the pig hides cast away by Taiwanese slaughterhouses. With an initial investment of NT\$10 million, he registered his new corporation and began preparations to build the factory. Two years later, he purchased land in the Hsinying Industrial Park in Tainan County, not far from Yongliang. In 1987, after a water treatment plant had been installed, Chen registered his factory with the government and began production. He declared the value of his company at NT\$29 million. The company has consistently been at the forefront of Asian leather tanning, being the first tannery in Asia to purchase automated drying machinery and to set up full recycling and water treatment facilities. According to government registration records, Lingnan had a registered capital of NT\$600 million in 1992. They now hire 255 workers. In 1993, they posted an after-tax income of NT\$114,962,000 (US\$3,650,000), enabling them to distribute a respectable dividend of NT\$1.92 per share to each stock holder.

In spite of its listing on the stock market and polished corporate image, Lingnan still maintains many of the characteristics of a family enterprise. Chen Zhicheng, the owner and CEO, controls 18.8% of the

company's stock. His wife does not work in the company, but has 9.7% of the firms stock listed in her name. Chen Zhaoxun, the oldest son, owns 31.05% of the stock. One of his sons, Chen Zhaoyou, is general manager and owns another 18.9% of the company's stock. Another son, Chen Zhaozhun, is the assistant manager in charge of domestic marketing and owns 3.5% of the stock. The daughter Chen Surong is also an assistant manager, in charge of the company's financial department. She owns 1.3% of the company's stock. Chen Surong's husband is assistant general manager, and owns 0.1% of the company's stock. Another daughter owns 1.24% of the company. Together the immediate family thus controls 84.59% of the company's stock and occupies nearly all of the company's key management positions. The experience of Lingnan shows that familism is not necessarily incompatible with stock markets, corporate organization, or windfall profits.

Shengli, on the other hand, is a bastion of modernist ideology and corporate capitalism. Shengli's Tainan County tannery, hidden behind a tall concrete wall and a guardhouse, is a meticulously landscaped campus. I arrived at the company with a friend who had once worked there and who claimed that she could secure me an interview with the owner. Only after making several phone calls to my friend's former colleagues inside were we permitted to pass the guard house, and walk up the long, palm tree lined driveway. On both sides of the lane were flower gardens and even a vast expanse of grass, a rare sight in Taiwan. Next to a parking lot filled with BMWs and Mercedes-Benzes, was the office complex, a large pink stucco building. In the back, scarcely visible through the trees, was the tannery itself. The interior of the office building was no less impressive. The floors were covered with plush carpet, and the walls decorated with western art prints.

The employees were decked out as impressively as the tannery, as it is one of the few Taiwanese tanneries where managers wear suits and ties to work. My friend asked a middle-aged man wearing a Hugo Boss suit and Giorgio Armani eyeglasses if anyone could help me with my study. After studying my questionnaire and consulting with several colleagues, he made his decision. Since none of the managers are members of the Zhang family, he said, they don't know anything about the Zhang family or their history in tanning. I would have to interview the owner himself. We were escorted down a corridor of offices, conference rooms, an accounting department, and other offices, all clearly labeled with plexiglass signs. We were given a seat in a conference room and served tea.

After approximately twenty minutes, Mr. Zhang himself, a tall stocky man of fifty-five, entered the room surrounded by members of his management team. Much to my friend's embarrassment, he refused outright to participate in the study. He asked to see a list of questions, and I gave him a questionnaire I had prepared for interviews.irate, he declared that my study was of no interest to him at all, especially since questions about family and enterprise were loaded with out-dated stereotypes about Chinese family firms. For example, he said, I need not ask about *laobanniang* (the wives of owners) since that assumes that wives just naturally work for their husbands' firms. The questions about capital are absurd, he said. They don't get capital from exotic sources like wives' dowries, but rather from several bank loans. As for partners, they have hundreds, and would soon have many more as they planned to offer stock on the Taipei stock exchange in May 1997. Nonetheless, he agreed to fill out my questionnaire. A few days later, I received his response along with a brief letter. "This questionnaire is only appropriate

for Taiwan of thirty years ago," he wrote.

That questionnaire, plus a 400-page report made public at the time of their initial public stock offering, and information gained from other tanners, provided ample data from which to analyze the company. One of the most highly educated tanners in Taiwan, Mr. Zhang finished university before going to work at Yongliang, owned by one of his paternal uncles. After gaining experience and saving enough capital of his own, he left Yongliang and opened up a baseball glove factory. In 1973, at the age of twenty-nine, he expanded into leather tanning himself, with an initial investment of NT\$8,000,000. Shengli has consistently been a leader in technological innovation, water treatment and even the recycling of waste materials from the tanning process. In 1993, for example, Shengli built a factory to recycle waste materials from all of Southern Taiwan's leather tanneries, and has been converting tanning sludge into fertilizer. By 1996, Shengli reported an after-tax net profit of NT\$447,520,000 and increased its registered capital to NT\$3,630,000,000

Shengli fits the archetype of a modern corporation with professional management and dispersed ownership at least as well as many North American corporations. Zhang and two brothers sit on the board of directors of the company. Together, however, they own only about 25% of the company's stock and their wives hold only 0.14% each, a stark contrast to Lingnan, which concentrates stock in family hands. Management is primarily in the hands of professional talent, with hiring based on skills and experience rather than kin ties. Of the top eleven managers in the company, only one (one of the three brothers) is within two kinship grades of the owner. One of the four vice-presidents, in fact, was recruited from Japan to work at Shengli.

These two firms, as with any group of publicly listed corporations, reveal two important things about Taiwanese industry. First, the very existence of the Taipei stock exchange, and the willingness of firms to raise capital on the stock market, show that there is no cultural obstacle to corporate formation in Taiwan. Second, listing on the stock market does not necessarily mean that the company is not a family enterprise. Publicly traded tanneries such as Lingnan still maintain majority family ownership and control of their firms. Other firms, such as Shengli, are able to corporatize completely, accepting a majority of both capital and skills from outside the family. Since both hire non-family professional managers, I define them here as corporate tanneries.

Over the course of my research, I visited many different kinds of leather tanneries including sole proprietorships with no family involvement, pure family firms with only family management and family ownership, and joint ventures with other Taiwanese capitalists or other foreigners. I interviewed tanners who refuse to hire non-family managers, and others who swear that only non-family members are suitable for the job. This diversity of organizational forms clearly indicates that the equation of Chinese firms with family firms, such as that made by Fukuyama (1993), is an Orientalist stereotype. One needs to look further and ask why entrepreneurs in a particular industry would favour either family or corporate organization.

Corporate Versus Family Organization

Whether individuals companies organize as family or corporate tanneries is most strongly influenced by the amount of capital available and product type. As a working definition, I define family firms as those firms in which fifty percent or more of management positions are in family hands. Corporate firms are

professionally-managed firms in which more than fifty percent of management positions are held by non-family members. In the discussion that follows, I eliminate two leather companies from my sample because they produce neither pig nor cow leather. One company recycles leather scraps, moulding them into sheets of recuperated leather. Another one is a microenterprise that dyes leather on a subcontracting basis for large tanneries. An analysis of my data reveals a correlation between firm organization and the following variables:

1. *Capitalization.* I found NT\$30 million (US\$950,000) to be the threshold above which I was able to find clear patterns in organizational form. According to the above definition, twenty-six out of sixty-six tanneries (39%) in Southern Taiwan are professionally-managed corporate tanneries. The remaining forty tanneries (61%) are family tanneries. Fourteen tanneries are capitalized at NT\$30 million or more, and only one of those is family-run. The distribution of family and corporate firms according to degree of capitalization is as follows:

Table 4:1 Firm Organization and Capitalization

	<NT\$30 million	>NT\$30 million	Total
Family firms	39	1	40
Corporate firms	13	13	26
Total	52	14	66

Source: field research

The pure family firms, those that fit the stereotype of the Chinese family firm, belong primarily to the capital-poor sector of the industry. This suggests that, as capital increases, Chinese-owned tanneries in Taiwan have a tendency to shift from family to professional management as well as labour. In the earlier stages of Taiwan's industrialization, small manufacturing firms often relied on the unpaid labour of relatives, usually women. That practice, however, has

now become history, at least in the leather tanning industry.

Almost all of the highly-capitalized tanneries look beyond the family in selecting both workers and professional managerial talent. I think there are two main reasons for this shift. First, they have expanded to a point where family resources can no longer meet the firm's labour and management requirements. Well-trained specialists with college educations and work experience often make better managers than family members who may be available. Secondly, the highly-capitalized tanneries have amassed enough capital and resources to become institutionalized. Unlike small tanneries, these large firms have clearly defined managerial posts and internal departments, specializing in different tasks such as finance, marketing, and sales. With a more stable structure and greater financial resources, they are better placed to attract talented professionals. The greater use of non-family management in large tanneries shows that the organization of firms on kin lines is thus not simply a function of Chinese culture. Rather, it is closely related to the amount of capital available to attract and retain non-family professional management.

2. *Product Type.* A company's organizational form is also related to its product type. In Southern Taiwan, sixteen corporate tanneries and eighteen family tanneries specialize in cowhide processing. Cowhide production is thus rather evenly divided between family and corporate tanneries. Four corporate tanneries and four family tanneries are mixed, processing both pigskins and cowhides. In pigskin, however, only six out of twenty-four tanneries (25%) are of the corporate type, compared to eighteen (75%) of the family type. Pigskin tanneries, therefore, are far more likely than cowhide tanneries to be family tanneries. The

correlation between product type and firm organization is significant. The distribution of family and corporate firms by product type is as follows:

Table 4:2 Firm Organization and Product Type

	Pigskin	Cowhide	Mixed	Total
Family firms	18	18	4	40
Corporate firms	6	16	4	26
Total	24	34	8	66

Source: field research

Once again, capital seems to be an important factor. In the cowhide sector, eleven out of sixteen corporate tanneries (69%) are capitalized with at least NT\$30 million. Eleven of the fourteen highly-capitalized tanneries specialize in cowhides, two specialize in pigskins, and one is mixed. The main problem is raw material supply. Cowhides are more expensive than pigskins in the first place, and cow hide prices fluctuate more rapidly than pig skin prices. Since Taiwan does not have a significant cattle population, Taiwan is almost entirely dependent on imports for raw materials. Taiwan imports 74% of its raw cowhides from the United States and an additional 19% from Canada. The highly-capitalized firms command the financial resources to purchase the more expensive imported raw materials that are needed to gain lucrative tanning contracts with cow leather customers such as Nike and Reebok. The small companies are left tanning less profitable pigskins and producing leather of lower quality.

In recent years, cowhide production has been increasing whereas pigskin leather production has been slowly declining. If these trends continue, corporate cowhide tanneries will continue to increase in influence, and family pigskin tanneries may fade to relative insignificance. Even as shoe factories move overseas, a tendency I discussed in chapter two, capital-intensive cowhide tanneries have maintained

their market niche by providing cow leather of a higher quality than that which can be purchased in China or Southeast Asia. Since the best quality cow hides are still derived from North American cattle, raw material supplies must still be imported no matter where the tannery is located. Taiwanese tanneries, using a stronger currency, are better positioned to purchase these hides than tanners from China or Southeast Asia. Using capital-intensive rather than labour-intensive tanning methods, they then process the hides in Taiwan and sell them to Taiwanese-owned shoe factories elsewhere.

Pigskin producers, however, are in a less advantageous position. The Southeast coast of China already has a large pig population, and the quality of their pigskin leather can already compete with the smaller Taiwanese pigskin tanneries. Leather goods factories in China, therefore, can use locally tanned pigskin for their lower-quality products and import higher quality pigskin from Taiwan only for their top-of-the-market goods. This competition has put a squeeze on small Taiwanese pigskin tanneries and resulted in a decrease in production, as illustrated in Table 4:3. Since cowhide tanneries tend to be corporate entities and pigskin tanneries small family firms, corporatization of the industry is likely to accelerate and family firms are likely to shut down as cowhide production increases and pigskin production decreases.

In 1997, pig tanneries were further hit by an epidemic of hoof-and-mouth disease among the Taiwanese pig population, which limited the domestic supply of raw pigskins. This epidemic hurt primarily small family tanneries which lack the resources to import pigskins from Japan, and thus indirectly helped larger tanneries

Table 4:3 Production Statistics for the Leather and Leather Shoe Industries

Year	Cowhide Leather Prod.	Upper Change	Pig Leather Prod.	Upper Skin Change	Leather Shoes Prod.	Change
	(1000 m ²)	(%)	(1000 m ²)	(%)	(1000 pairs)	(%)
1986	19,211	-22.8	9,628		124,817	-5.2
1987	21,599	12.4	10,799	12.1	122,096	-2.2
1988	20,583	-4.7	9,448	-12.5	115,092	-5.7
1989	25,548	24.1	9,889	4.7	103,400	-10.2
1990	23,259	-9	8,856	-10.4	97,043	-6.2
1991	26,757	15	8,993	1.5	89,640	-7.6
1992	28,146	5.2	9,998	11.2	61,310	-31.7
1993	29,142	3.5	8,907	-10.9	48,128	-21.5
1994	32,199	10.5	9,466	6.3	41,197	-14.4
1995	31,026	-3.6	8,472	-10.5	31,245	-24.2
1996	35,597	14.7	7,575	-10.6	24,796	-20.7

Sources: Liang 1986: 94, Huang 1995: 533, MOEA 1993, 1997

by eliminating part of the competition. Table 4:3 shows that Taiwan's cowhide tanning industry has done considerably better than the pigskin tanning industry in almost all years since 1986.

Beyond the Firm: Corporate Networks

In the course of my research, several informants suggested that focusing on the family was an inadequate way of understanding the Taiwanese leather industry, and not only because Taiwanese capitalists manufacture goods in other organizational forms. Their main objection, in fact, was that a focus on families and individual firms obscures relations between firms. Leather tanneries and related companies often invest in each other's companies, leading to a dense network of interrelated companies.⁹ The Chinese word for corporate network is *guanxi qiye*,¹⁰ which means "related enterprise." Taiwanese people use this term in two ways. It can mean different companies owned by members of the same

⁹ For more detailed discussion of Taiwanese corporate networks, see Greenhalgh (1984, 1988) and Numazaki (1988).

¹⁰ 關係企業

extended family, as long as the family has not yet formally divided family property. An example is the case of Li Zhonglian, dentist turned tanner, whom I discussed above. Since his family has not yet divided, they still consider the tannery, the food company, and the electronics company, run by three brothers, to be *guanxi qiye*. Legally, however, they are all distinct enterprises, since each factory is registered in the name of the brother who actually runs it.

Guanxi qiye also refers to cross-investment in firms owned primarily by non-family members. Li Zhonglian, for example, owns shares in Dahua and Qiujiing, two prominent Tainan tanneries. Because of their co-investment relationships, Yuexing, Dahua and Qiujiing are also conceived of as *guanxi qiye*. The *guanxi qiye* of Shanhua Tannery include all of the individual tanneries that invested in that wet-tanning facility. Japanese anthropologist Ichiro Numazaki (1986) found that such networks span across all Taiwanese industries, effectively linking highly-capitalized Taiwanese firms to one another, as well as to government leaders and multi-national corporations. In such networks, the fortunes of individual families have a minimal influence on the success or failure of individual firms, since other families have interests in the companies. Like other industries, the elite, highly-capitalized sector of leather tanning builds on greater networks, and the history of these networks may reach back into the colonial era.

It is difficult to determine the extent to which Taiwanese tanneries are involved in such networks. First of all, I was initially so entrenched in the literature on Chinese family firms that I perceived all firms as autonomous units and didn't even ask about corporate networks early in my study. Then, once I did begin to ask questions about *guanxi qiye*, I was often

stonewalled by my informants. The actual composition of *guanxi qiye*, complex networks of companies investing in each other, is often a carefully guarded secret, as companies do not want competing firms to gain too much knowledge about these connections. My own identity was often cast in doubt. Since most people in Taiwan think that anthropology is archaeology, they could see no clear relation between discipline I claimed to be a part of and the questions I asked about their factories. Even when I explained that anthropologists do study contemporary society, including industrialization, their suspicions lingered, and I was often asked directly if I were really a government informant or corporate spy for the competition. This basic problem of trust meant that informants were reluctant to divulge full information about the identity of their investors, and my data on corporate networking remained incomplete. The extent of corporate networking is probably far more wide-spread than my data reveal, and perhaps more important to Taiwanese industrialization than the family form of individual firms. As the production manager of one tannery told me, "Nowadays there is very little relationship between family and enterprise. Non-family investment partners are far more important in factory management than are family members."

In the leather industry, *guanxi qiye* develop on the basis of two kinds of relations: kinship and *tonghang* (common occupation) relationships. The owners of Yongliang and Shengli, for example, are paternal cousins. As I showed in my discussion of Yongliang's corporate history (chapter two), this tannery is one of Taiwan's oldest and was founded by a family which gained its wealth collaborating with the Japanese. It is directly linked to Shengli (see above) by kinship links, and the younger owner of Shengli gained experience at Yongliang before starting up his own tannery. Shengli,

the junior member, holds shares in Yongliang. Yongliang, the older tannery, however, does not own shares in Shengli or, for that matter, in any other Taiwanese tannery. These two tanneries alone employ one out of ten workers in the industry's workforce, and account for 13% of the capital invested in the industry.

Another kin-based network revolves around Qiujiang and Dahua Tanneries, two of the major cowhide tanneries in Taiwan, and several smaller tanneries. Dahua's president, Luo Junxiong, and Qiujiang's president, Lai Huanming, both worked at Yongliang, but eventually left to set up their own tanneries. Dahua was established in 1973, and quickly expanded to become one of Taiwan's largest modern tanneries. In addition to their tannery in Tainan, they also manufacture leather in Wenzhou, China, and have other investments in Thailand and New Zealand. Qiujiang started later, in 1986, and now produces leather at two tanneries in Taiwan, as well as in Thailand. These two companies are connected through affinal relations: Lai Huanming is Luo Junxiong's brother-in-law (his wife's younger brother). Their two tanneries lie across the street from each other in Tainan County. Due to their close kin relations, they refer to each other as *guanxi qiye*. Combined, they are also a formidable force in the leather industry, controlling 11% of the industry's registered capital and 13% of its workforce.

Their *guanxi qiye* also extends to other relatives who run smaller tanneries. Forty-one year old He Naiying, the *laobanniang* ("boss lady," see Chapter Seven) at a Fuling Tannery in Tainan County provides one such example. Luo Junxiong of Dahua is her maternal uncle (*jiujiu*),¹¹ and Lai Huanming of Qiujiang is her aunt's elder brother (*jiuma de gege*).¹² Her own career

¹¹ 舅舅

¹² 舅媽的哥哥

started out in commerce. After graduating from high school, she began work as a grain trader dealing in rice and beans. Then she worked at several companies as an accountant. To improve her business skills, she has also taken courses in a variety of subjects, including computers and tax law. She started her career in leather with a job at Dahua. Through such a wide variety of experiences, she says, she was able to learn how to operate a company on her own. Yet family connections in the corporate network were equally important.

She married Wang Zhongyi, a leather trader who started out working in his paternal cousin's tannery in Tainan. He later worked in sales at Sanyou, and then moved over to a management position at Yongliang. Eventually, however, he left to set up his own tannery with his personal savings, bank loans, and investment from both Dahua and Qiujing. They purchased land in 1978, built a factory and finally began production in 1987. He Naiying and her husband run the company together, and they have hired his younger brother to manage the tannery's wet tanning operations. So far, they have invested over NT\$10 million dollars in their leather tannery. They also run a shoe factory in Taichung and have invested in a mainland Chinese shoe factory.

Noting the complexity of their kin relations with other tanneries, I asked He Naiying why they don't pool their money and invest in one or two large factories. She replied that there are three main reasons why independent tanneries are better. First and most importantly, each individual factory has already invested a lot of capital in land and machinery, so none of them are prepared to shut down their own facilities to invest in another. Secondly, leather is a highly polluting industry, so it is better to spread it around

the island rather than concentrating it all in one place. Thirdly, small size allows them to avoid government over-regulation. Lower profits for each individual factory also means lower taxes.

Even though kinship is clearly important in the evolution of these tanneries and the networks that bind them, He Naiying cautioned me against overemphasizing the family. In her small tannery of only thirty workers, two out of three of their management team are non-family members. A generation ago, she said, all factories preferred to hire family members only, and illegal underground factories still rely on kin. Most contemporary factories, however, now rely on outsiders for talent. In her words, "it's no longer fashionable to keep business in the family." Besides, she said, the technology all comes from outside Taiwan, as their chemical suppliers teach them how to tan leather, so there are few secrets in the industry. For a company to survive, she concluded, they have to open up and allow outsiders to take important management positions. Only then can they avoid the proverbial fate of family enterprises: wealth does not last beyond three generations.¹³ Since all of the tanneries in this group hire professional managers, they do not consider themselves to be family enterprises.

In addition to corporate networks based on kinship, there are networks based on *tonghang* relations. Xinshi Tannery in Tainan County is one complex example of former colleagues cooperating together through co-investment. Wu Zhengui, the owner of the company, only completed six years of elementary school, and started work at Yongliang at the age of fifteen. Now fifty-nine years old, he lives in Shenzhen, China, where he runs another tannery. His wife does not do tanning and works as a professional manager in a textile factory.

¹³ 富不過三代

His twenty-eight year old son, however, has taken charge of the tannery in Taiwan.

This tannery, however, does not qualify as a family firm. When I asked if any relatives have invested in the company, I was told that cross investment by relatives is rare. Since relatives rarely know anything about leather, they are hesitant to risk their money in such an unknown venture. Wu Zhengui instead found three tanners who once worked as colleagues at Sanyou and founded a tannery with their combined capital resources. They all invest in each other's companies. The owner of Dahua, for example, invests in Xinshi, and the owner of Xinshi owns shares in Dahua. Xinshi has three active and seven passive investors, none of whom are related by blood to Wu Zhengui. As he said, "In leather, it is rare for investors to be relatives. Instead tanners invest in each other's tanneries: I am your shareholder, you are my shareholder."

Ownership in Xinshi is very complex. They are actually three separate companies which operate under the direction of one CEO, Wu Zhengui, and share a common secretarial staff of five women. I asked why they don't just invest jointly in one large company. He said that this structure, divided into two separately owned dry-tanning and one wet-tanning facility, helps prevent internal struggles among the three active investors in the company. The reason for these complex relations is economic. With the rising prices of land and tanning equipment, the entry costs are too high for most individuals or families to open up a tannery on their own, as was once possible. With rising start-up costs, people need to set up joint partnerships with other people in order to accumulate enough capital in order to go into business. Former colleagues are likely candidates as partners.

Tonghang relations influence not only co-investment

patterns, but also hiring and subcontracting relations. Professional managers sometimes follow their colleagues when one person leaves an existing tannery to set up a new company. In doing so, they can use their *tonghang* affiliation, earned by working together, to gain a higher position and greater income in a new company. An example is forty-two year old Wu Chunrui, who started her career at Sanyou as an "office lady" taking care of administrative tasks. When her current boss left Sanyou to set up his own leather tannery, she went with him and was promoted to the post of production manager. Professional managers, as well as many tannery owners, concurred that knowledge of tanning is now far more important than kin relations to the owner in securing a job in management.

Subcontracting also follows networks of former colleagues who once worked together in the same factory. Wu Chunrui's company, for example, is a small tannery that does only part of the dry tanning process, tinting and spraying, for other companies. Their primary source of business is with former colleagues from Sanyou who now run their own tanneries.

Conclusions

In this chapter and the preceding chapter I have looked not only at family firms, but also at a wider range of ownership and management organization in one Taiwanese industry. Most Taiwanese leather tanneries are family-run firms in every meaning of the term. But that does not prevent some of them from expanding, adopting corporate forms, and hiring professional management. Some individual capitalists also invest in the industry, buying out tanneries, and then running them entirely with professional management. In such tanneries, the presence of family members in the workplace is rare. Family members do not necessarily get special treatment in hiring or promotion, and it is

not uncommon for families of Taiwanese tanners to go elsewhere for employment. Some corporate tanneries even have a policy of not hiring family members, because accusations of favoritism can easily disrupt smooth relations between unrelated business partners or even between different branches of the same family. Furthermore, whether an individual firm takes family or corporate organization is less related to culture than it is to such mundane concerns as the amount of capital available and product type. Not only does the traditional focus on the family in anthropology obscure the diversity that exists among firms in Taiwan, but it also renders invisible the networks that connect individual firms. It is hoped that these two chapters has helped lay to rest some persistent stereotypes about Chinese "familism" and economic organization.

In conclusion, it is important to note that large firms can be socially more beneficial than small family firms. Anthropologists often have a tendency to sympathize with small firms and family organization. I myself came into the field expecting to find mostly personalistic family firms and a few cruel-hearted capitalist corporations. I quickly discovered, however, that larger tanneries often make better neighbors and better employers than small tanneries. With greater capital resources, they are better able to install pollution control mechanisms, including water treatment plants. The Taiwanese government is increasingly strict about pollution, and enforcement of environmental laws tends to benefit the larger, richer firms. In the summer of 1997, for example, the government closed down four of the family-run tanneries I studied in Kaohsiung County because they failed to meet environmental standards. The wealthier plants are more capable of making the necessary investments and meeting environmental standards.

Also due to greater size and capital resources, they have more institutionalized employment systems. They can offer their workers secure positions, as well as welfare benefits such as year-end bonuses, company trips, and contributions towards wedding and funeral expenses. Large firms are more visible and thus come fully under the jurisdiction of the Labour Standards Act. The small firms, on the other hand, rely on subcontracts and thus have to lay off workers during idle times. Poorer working conditions and welfare benefits indicate that workers are exploited more in small family firms than in institutionalized corporate factories (Cai 1992: 3, 56). It comes as no surprise that workers prefer employment in large firms. In my survey of workers, I found that fifty-four out of sixty-eight workers (79%) prefer to work in large firms, because large firms offer more stable employment and better benefits than small companies. Since there are far more workers than bosses, anyway, more attention needs to be paid to their interests. The role of labour in the Taiwanese leather tanning industry is thus the subject of the following two chapters.

CHAPTER FIVE: THE LABOUR PROCESS

Leather tanning is like medicine. A doctor has to look at a part of the body, like the stomach, and figure out what is wrong with it. He prescribes medicine and the patient gets well. A leather tanner has to figure out how to treat skin, also part of a body. Actually, leather tanning is more difficult than medicine. In leather tanning, we have to figure out how to treat leather and put it through an entire chemical process. If we make a mistake in any part of the process, the leather is ruined (Chen Minjun, a Tainan leather tanner, 1997).

Studying the Labour Process

No ethnography of manufacturing is complete without attention to the labour process. Anthropologists and sociologists in Chinese societies or elsewhere (e.g. Burawoy 1979, Cooper 1980, Shieh 1992) have found direct participation in the labour process to be of the most useful methodologies in studying industry. I myself had hoped to spend several months working in a leather tannery in Taiwan. When I arrived in Taiwan, however, I found that most tanners refused to let me work in their factories, as they were unwilling to assume the risk that I might injure myself in a dangerous working environment. Fortunately, however, one tannery permitted me to work on the factory floor for two days.

Getting permission to work was not the only challenge I faced in studying the labour process. Interviewing workers also turned out to be one of the most difficult challenges of my research experience. I had hoped to do extensive interviews with both bosses and workers. Even those bosses who were generous enough to grant me extensive interviews about their own career histories and management practices were unwilling to allow me to interview workers. The logic behind their decision is irrefutable, simply because workers are too busy working to be interviewed. Since extensive interviews would require them to leave the production

line, my request to interview workers would disrupt the production process and cost money. Attempts to interview workers at lunch breaks or after work were also fruitless, as they were exhausted from their work and more interested in afternoon naps or getting home than they were in my research.

Two small leather tanneries and one large factory in Tainan permitted me to conduct small demographic surveys of their workers. One large factory in Changhua, a joint venture with an American tannery, allowed me to conduct a longer survey, including several questions on labour relations. All of these tanneries required me to submit my questions in writing. They did not allow me to take a random sample, but instead selected the workers themselves for the study. They also determined the number of surveys I was allowed to take. The large tannery in Tainan allowed me to survey ten workers, whom they selected. The tannery in Changhua requested their Taiwanese production manager to take a survey of forty-six workers for me. The remaining thirty workers were surveyed in two small family tanneries, including the one in which I worked for two days. No other tanneries were willing to cooperate with this part of my research. The samples are small, and they are haphazard samples taken by other people outside of my control, but it is the best I could do under constrained circumstances.

In addition to the data from these worker surveys, I also have demographic data gathered from the personnel records of all the tanneries I visited, plus government statistics, and information from the annual reports of two publicly listed tanneries. After my own surveys were completed, I stayed in Taiwan to write the first draft of my thesis. I kept in contact with several local tanners in Tainan and contacted them with questions that arose during the writing of my thesis.

During this period, I spent as much time as possible with Taiwanese workers, whether tannery workers or not, in order to better understand their lives both inside and outside of the workplace. I continued to learn more about foreign workers by regularly attending Mass at a Catholic Church which ministers to Filipino workers. They often discussed labour issues in church, as it is the sole venue in which Filipino workers from different factories can meet and discuss common problems. After Mass, large numbers of Filipino workers eat together in a restaurant near the Tainan train station. By frequently attending Mass and eating with Filipino workers, I was able to learn a lot about labour relations and the lives of Filipino guest workers in Taiwan. This unstructured ethnographic research, combined with more formal interview and survey research, allowed me to better interpret official statistical data and the limited data from my own surveys of tannery workers.

In this chapter, I first describe the labour process of leather tanning. Second, I describe my own limited experience working in a small leather tannery for two days, and discuss what I learned there. Third, I examine how changes in the labour process have transformed the social organization of labour in tanneries, creating a new group of workers alienated from the means of production. Finally, in order to better understand where tannery workers come from, I take a look at how factories recruit new workers.

Leather Tanning: a Chinese Mode of Production?

I first encountered leather tanning in 1993 while doing field research for my M.A. thesis in rural Zhejiang Province of China. In the village where I lived, nearly every family ran a small leather workshop, each specializing in at least part of the tanning process. The township, in fact, was famous for its

leather production. Many of the farmers dug tanning pits into the land adjacent to their homes. As I walked through the village I could see both men and women wading into the lime-water to turn the hides. When they rinsed the hides, they would merely throw them into the rivers, turning the clear mountain streams into pungent torrents of blue water. Women and children nailed hides to boards and set them out to dry in the sun.

I was simultaneously disgusted by this dangerous, polluting labour process, and fascinated by their social organization of production. The fact that they were small family businesses appealed to my own sense of family values. And I was intrigued by the institution of apprenticeship, a labour system in which non-family members moved into the household as apprentices, and used pseudo-kinship terms to describe the master-apprentice relationship. The word for master is *shifu*,¹ literally "teacher-father," and apprentices referred to each other as brothers. At night, production stopped, and the people of the village congregated on the streets to talk and drink with family and friends, or gather in one of the few houses with televisions to watch Chinese dramas and martial arts films. Even in the daytime, it seemed as if people could easily stop work to chat with me, a foreign anthropologist and guest in their village.

I could not resist contrasting this peasant or household mode of production with the capitalist mode of production I had experienced as a worker in an Indiana plastic die molding factory. That work relationship was a pure market arrangement, with no talk at all of kinship or brotherhood. Since the machines never stopped, workers were granted only a fifteen minute break at lunch to eat sack lunches they prepared themselves, while work supervisors temporarily operated the machines. And the plant worked three shifts, so

¹ 師父

that the machines could continue operating throughout the night. It would be a waste, they explained, to invest so much capital in expensive equipment and then let it rest idle at night.

Before I arrived in Taiwan, I was unsure of what I would find. Since most anthropological studies treat Taiwan as part of traditional China and focus on family firms, I thought I might find a situation like I had seen in Zhejiang, a "Chinese mode of production" based on regional product specialization, family firms and pseudo-kin apprenticeships. As the previous chapters have demonstrated, that was not the case. Rather than finding a "Chinese mode of production," I found a spectrum of different organizational forms determined largely by the degree of capitalization available and product type. Yet I also held another stereotype of Taiwan, that of the island as a reactionary stronghold, as an inhumane case of unbridled capitalism. I partly feared that I would find nineteenth century style sweatshops, large factories herding in hundreds of underpaid workers for twelve hour shifts of grueling harsh labour. What I actually found, however, resembled neither scenario.

Neither capitalists nor workers are primarily concerned with discussions of culture, modes of production, or the development of capitalism. They are chiefly concerned with the day to day material concerns of how to produce the commodities that they specialize in. Since each product has its own technical requirements, the labour process itself can strongly influence the mode of production. The production of airplanes, for example, requires high technology and large amounts of capital. Airplanes are never constructed in small family workshops. Fashionable clothing, on the other hand, requires less capital investment and necessitates a personal attention to

detailed production for a limited market. The production of fashionable clothing, therefore, is primarily done in small workshops. Leather tanning produces uniform products that can be easily stored and are then sold to a wide market of leather goods producers. As an upstream producer of raw materials, leather tanning is less influenced by fashion and other market factors than are leather product industries. It is only in the downstream industries of shoes, handbags, and other products that leather is cut up and crafted in different ways for rapidly changing markets shaped by fashion trends. Tanners thus usually seek economies of scale (Ballance, Robyn and Forstner 1993: 104).

The Labour Process of Tanning

Leather tanning is the process that transforms the delicate hides of dead animals, that would otherwise quickly decay and rot, into sheets of sturdy leather that can be used to make a wide variety of products such as shoes, luggage, or furniture upholstery. It is basically a recycling process, transforming the by-products of the meat industry into useful consumer goods. Taiwanese tanneries use some fresh hides, mostly pig skins, from domestic slaughterhouses. Since the Taiwanese eat pig skins, however, and the island's cattle population is limited, most hides are imported. Imported hides are salt-pickled in the country of origin in order to prevent the fragile hides from decomposing during transport.

Tanners described the tanning process as a complex art, and take pride in mastering the difficult skills needed to make high-quality leather. One second-generation tanner I interviewed said he originally planned another career in electronics, but eventually took over his father's tannery after he discovered the challenges of tanning and the satisfaction that could be gained from mastering it:

After military service, I came back to my father's tannery. I studied electronics part-time and worked in the tannery part-time. It was then that I became interested in leather tanning. Leather goes through a lot of changes, so it's difficult to research it. First of all, there are many different kinds of skins, each kind presenting its own problems. Hides differ depending on whether the cow is large or small, male or female, depending on the climate and on the different breeds of cow. They can even differ depending on the time of year when they are killed. Cows have short hair in the summer, and long hair in the winter. The skins of Canadian cows are very thick, because the climate there is so cold. Canadian cows make the best leather. Yet the skins of Texan cows are very thin, because the climate there is so hot. We can't just tan all of these skins in the same way. We have to adjust for these differences in the tanning process, using different quantities of chemicals, and tanning the hides for longer or shorter periods of time. It's very difficult to research leather. I find leather tanning interesting because it gives me a feeling of success.

The process of tanning can be divided into the two stages of wet and dry tanning. Wet tanning transforms raw hides chemically into wet-blue leather, the distinctive light-blue colour being a product of the chrome tanning process. In dry tanning, these wet-blue hides are made into sturdy sheets of leather. As the name suggests, wet tanning uses large quantities of water. The remaining waste water is highly polluted, and, according to Taiwanese environmental protection regulations, must now be treated in water treatment facilities to meet government-set specifications before being released. In practice, however, the regulations are strictly enforced only in closely regulated industrial parks or near cities, and many small-scale tanners in isolated rural areas continue to dump their waste directly into the nearby streams and irrigation canals. Dry tanning, as the name suggests, is a dry and relatively non-polluting manufacturing process.

The Wet Tanning Process

Wet-tanning is considered to be the most difficult stage of leather tanning. In the early days, tanning was done in pits by submerging the hides in a solution of water and the tannic acid from tree bark. The workers had to climb into the pits and turn the hides by hand. All Taiwanese tanneries now use modern chrome tanning methods, in which hides are placed in large, mechanical tanning drums. The drums turn automatically, ensuring that the hides are evenly treated with a solution of water and chrome-based chemicals. The process of removing the hides from these drums is the most unpleasant task in the tanning business. The drums open up, spurting pools of blue water and hides onto the factory floor. The workers, equipped with tall rubber boots, wade into the solution and drag out the wet hides. This work requires great strength, as wet cowhides can weigh up to 40 to 50 kilograms.

The Taiwan Regional Association of Tanneries divides the wet tanning process into the following eleven steps. Steps one to six are preparatory steps, and are often done at the slaughterhouse or by foreign hide agents before delivery to the tanneries.

1. Trimming and sorting. This preparatory step is done in the receiving warehouse when hides and skins are delivered to the tannery. This step was important in the early days of tanning, when tanners still relied on local slaughterhouses for hide supplies. Certain parts of the body, such as the head and hooves, are useless to tanners and can actually harm their equipment if processed with the hides. These parts must be cut off and discarded.

2. Soaking. The first stage of tanning is soaking the hides in a wetting solution and antibacterial agents in large tanning drums. Fresh hides must be soaked in order to remove any blood or

other liquids that may have remained in the hides. Preserved hides must be soaked in order to restore the water to the hides that had been removed during the salting process. This stage also rinses away salt and other pollutants. Hides are soaked for a period of eight to twenty-four hours, depending on their thickness.

3. Fleshing. The underside of the skins and hides often retains some excess meat and fat. These are removed from the skins with fleshing machines before the hides are processed. In the old days, some poorer tanning families would cut off the meat scraps by hand and use them to make soup. Nowadays, some tanneries still find a use for these scraps, selling them to be used as fertilizer.

4. De-hairing. This step removes excess hair, epidermis, and soluble proteins from the upper side of the skins or hides. Chemical agents, usually based on lime, remove the hair while retaining the collagen needed during tanning.

5. Deliming. In this step, the hides are rinsed in clear water in order to remove the lime that was used in the de-hairing process. Enzymes are used to remove hair roots, pigments, and other parts of the skin not needed in leather. The quantities of chemicals used in this stage, as well as the time needed to complete the process, vary according to the quality of the skins and the Ph level of the local water supply. The technicians thus need a great deal of experience in order to consistently produce leather of good quality.

6. Pickling. This is the final preparatory stage before tanning proper can commence. Since chrome tanning agents cannot dissolve and enter the hides at a high Ph level, sulfuric acid is added to lower the Ph level and increase the acidity of the hides. The hides are first salted in order to strengthen the fibers of

the hides and prevent acidic swelling which can affect the quality of the leather produced. While the hides are still in the tanning drums, salt is added and then sulfuric acid.

7. Tanning. Tanning is the stage that transforms fragile hides into stable leather that can resist rot or decay. It is a complex chemical process which strengthens the collagen in the hides. Tanning was originally done with tannic acid, or tannin, derived from tree bark, a process from which the English word tanning is derived. Contemporary tanneries now use a chrome tanning process, which is faster than bark tanning and guarantees a higher quality of leather. Tanning is done in large rotating drums, a process which takes about four to six hours, depending on the thickness of the hides. Care must be taken in order that the protein fibers are evenly tanned. The water temperature and amount of chemicals used can influence the quality of the leather, and adjustments must be made for differences in the raw hides and skins themselves. At the end of the tanning process, hides take on a bluish green colour, and are called wet blue hides.

8. Wringing. After tanning, the hides are put through a wringing machine to press out the water they have absorbed during the previous steps.

9. Splitting and shaving. Due to difference in climate or the age of the animals slaughtered, the thickness of animal hides differs greatly, yet tanneries must produce leather of standard thickness to meet the specifications of their customers. Furthermore, the different layers are used to produce different kinds of leather. Leather can be split into three layers: upper leather from the outer surface of the skins, lining leather from the second layer, and split leather, used to make suede, from the inner layer of the skins. Modern splitting machines can split leather to a

precision of one-hundredth of an inch.

10. Retanning, coloring, fatliquoring.

These steps change the quality of the leather to meet manufacturers' specifications. Retanning is done to give the finished leather the qualities of leather produced with different tanning agents. Natural tanning agents such as acids derived from oak, silk wood, hemlock or quebuacho are used in this stage. Finished leather varies in texture and solidity according to the tanning agent used in retanning. Colouring uses a variety of different dyeing agents to produce leather of different colours. Fatliquoring uses vegetable or mineral oil to lubricate the leather fibers and make adjustments in the texture of the finished product.

11. Setting out. In this stage, the leather is stretched out and pressed in large stretching machines. This step reduces the water quantity in the leather to about sixty percent.

The Dry Tanning Process

1. Drying. In the early days of tanning, the hides were nailed to boards and set out in the sun to dry. Modern tanneries, however, usually use vacuum drying machines to bring the tanned leathers to equilibrium moisture.

2. Conditioning. After drying, the leather becomes too hard to be used in some consumer products, like sport shoes or gloves. In the conditioning stage, a controlled amount of water is put back into the leather, which is then coated with water resistant chemicals to retain the moisture.

3. Staking. This is the final stage of softening leather. The sheets of leather are put through a staking machine which manipulates the fibers in order to produce the required degree of softness.

4. Buffing. Natural leather often has parasitic damage or scratches on the hide, which is

still visible after tanning. This is not necessarily a drawback, since natural grain is the best proof that the leather is genuine! This stage is thus sometimes skipped entirely. Unbuffed leather is called full grain leather, and the grain is still visible. Buffing, on the other hand, produces a smooth finished leather with a standard appearance.

5. Finishing. This is the stage which gives the leather its final appearance. A chemical coating is added to protect the leather from damage or stains. In this stage, the leather may be dyed different colours and treated to have a glossy or matte appearance, all according to the customers' specifications.

6. Measuring. In this stage, the surface area of the leather is measured, and the price is set. This is now done quickly and easily by passing the sheets of leather under a computer scanner.

7. Grading. In this final stage before shipping, the leather is graded according to texture, uniformity of colour, thickness and surface defects.

Learning from Labour

I myself was initiated into the labour process of leather in a small tannery in Tainan County. Mr. Xu, owner of the tannery, laughed heartily when I told him I was doing a study of the Taiwanese leather industry. "You'll never learn anything from books," he said. "The only way you can understand tanning is to do it yourself." Furthermore, he would be receiving a large shipment of hides in a few days, and he was short on labour. He would be happy to hire me as a temporary unpaid worker for two days. The arrangement would benefit us both, he said in jest, as he would get extra help for free and I would get an education. Anxious to experience tannery work myself, I immediately agreed.

Mr. Xu called me as soon as the hides, imported from the United States, cleared customs in Kaohsiung and

were delivered to his tannery. He warned me in advance to wear old clothes that I would not mind destroying, since the work would be dirty and hard. I nervously showed up the next morning wearing my oldest shirt and a pair of deteriorating blue jeans. Mr. Chen, one of the tannery technicians, took me out into the factory. The tanning drums were already up and running, making a loud rumbling noise and emptying leather, along with streams of bluish water, out onto the floor. Several men wearing high boots waded into the water to pick up the leathers being cast from the drums and threw them into piles nearby. I sighed with relief as we quickly passed that section and went into the next area of the tannery. Mr. Chen started me up on my first job, working with two older men on a leather press which removes excess moisture from the leather. The machine is imported from Italy, he explained with pride.

I worked alongside a grey-haired man in a white tank top, who patiently explained how to place the sheets of leather on the flat surface, and then flatten them out with a hand tool resembling the squeegees used to wash cars. As soon as six sheets of leather had been placed on the press and covered all available space, the machine operator pushed the button on the control panel and the top of the press came down. It revealed a second layer where six sheets of pressed leather waited to be removed and replaced with six unpressed sheets. The dual levels allowed us to place one set of leather on the machine and smooth out the wrinkles, while the machine pressed out the second layer. The machine has a temperature of 100 degrees Celsius, explained my co-worker, so I should be careful not to touch the metal surface directly with my hands. Nonetheless, he emphasized, the machine has a built-in safety device that makes it impossible for us to accidentally press our hands. To demonstrate, he lightly touched the

orange-colored guard rail that wraps around the press. The machine came to an immediate halt.

It took about half an hour to learn how to identify which side of the leather should be face up (the side with minor traces of hair), and to learn how to smooth out the wrinkles efficiently. According to Mr. Chen, they can add two to three percent to the surface area of the leather by smoothing it out as flat as possible, thus increasing the price of the finished product and maximizing their profits. The men worked slowly, smoking as they worked, and taking occasional breaks whenever we finished one batch and had to wait for another batch of leather to be brought over to our machine.

Suddenly at noon, a whistle sounded. The rumble of the tanning drums came to a slow halt. The machine operator stopped the leather press machine. We put our now-wet gloves on the press to dry, and left to eat. Mr. Chen, the technician, invited me to eat in the office with him. Technicians, managers, and workers all ate the same packaged lunches and soup provided by the factory. The managers ate at a table in the office, while the workers ate outside or in the factory, wherever they found a relatively clean place on the ground to sit.

After lunch everyone took an afternoon nap. The office ladies slept at their desks. In the factory, workers stretched out on the floor near their machines, using sheets of leather as blankets to keep off the cold. The place was completely silent, except for the sound of the birds outside in the rice fields. At one o'clock, a whistle sounded again. Everyone slowly arose, wiping the sleep from their eyes. The tanning drums started to turn, and everyone returned to work.

In the afternoon, I went back out into the factory. This time Mr. Chen put me on a splitting machine that

splits the leather into two layers: upper leather and split leather. There were five people on this machine. One middle-aged woman lifted the hides off a platform and gave it to the two men who operated the splitting machine. They pushed the hides through the splitting machine, which then cut it into two layers. The older of the two men, a master technician, kept an eye on the thickness of the leather, measuring it occasionally and adjusting the machine as we changed batches.

I stood on the opposite side of the machine with Ms. Zhang, a hefty women in her forties. Our job was to remove the two layers of leather from the machine and place them in piles on carts behind us. She was in charge of the upper layer, folding the leather as it came out of the machine, and placing in on the cart. I took care of the split leather. In the first batch, the upper leather was very thick, so the remaining lower leather was too thin and came apart in my hands as I pulled it from the machine. My job was to put it on a cart so it could be taken away and discarded. For the latter two batches, however, both the upper and split leathers were thick enough to be used. My job was to fold the split leather and put it on the cart.

After working for about half an hour, Ms. Zhang asked me if I found the hides, about fifteen kilograms a piece, to be too heavy. No problem, I replied, I work out in the gym every day and am accustomed to lifting heavy weights. In fact, by working in the factory I was missing a good work-out in which I would bench press up to sixty kilograms. But as time passed, my muscles got sorer and sorer. I soon realized I wasn't missing my work-out after all, just getting a different one than usual! My body soon adjusted to the rhythm of the work, hide after hide being pulled through the splitting machine. And, with a talkative co-worker at my side, I didn't even notice the passage of time.

Looking at the western brands on the skins, I tried to imagine them as cows, and wondered what the American family is like who raised those cattle in Texas or Oklahoma. I remarked to Ms. Zhang that I find it interesting -- not long ago, this hide was a cow. Then they separated it into meat and hides. The meat became steaks for Americans to eat, and the hides came here to be made into shoes. She let out a hearty laugh, and asked me questions about America: "do a lot of people raise cows?" I said yes, the population density is lower than Taiwan, so there is plenty of room to raise cows, and the climate is more appropriate for cattle raising than sub-tropical Taiwan. "Do Americans eat steak every day?" she asked. I said, "no, it would be boring to eat the same thing every day." She laughed and continued to work.

At the end of the day, Ms. Zhang asked if my arms are sore. I said yes, and asked if hers are. She said no, she's used to it. I asked if they got sore when she first started working there. She said yes. I remarked that it is a very difficult and strenuous job. Not at all, she insisted, it's just a matter of getting accustomed to the labour.

The following day, I returned to the tannery. This time, Mr. Chen took me to the wet tanning area, and said I would be working there, dragging the wet skins from the tanning drums. I looked at the workers, three older men, all soaking wet themselves and wallowing around in bluish water wearing high rubber boots. Disgusted by the prospect of becoming soaking wet with highly polluted water, I wavered and asked if I could do a job which is less dirty. He laughed at me, declaring, "only those who have worked in the water can say they've made leather!" Yet he agreed that I could work elsewhere, helping out the "*obaasan*," a slightly derogatory term for older women, derived from the Japanese word for

grandmother.

He assigned me a job tinting leather with a woman in her 50s. Our job was to place finished leather on a conveyor belt, making sure it is flat and right side up. The leather then goes into the machine, where an automatic sprayer tints it. When we finished each batch, one of the male technicians came over and set up the machine with a new colour. Each time they had to test one or two pieces to make sure it came out the right colour. The woman has been doing this job for six years, so she was quite skilled. Occasionally, she left me alone at the machine, stepping over to the control panel to make adjustments and help the technician with the machinery.

I spent the entire day working with her, except for about half an hour at the end of the day when the owner, Mr. Xu, called me outside to work at another machine in the sunny courtyard. He and I worked together on a machine which wets down dry hides. I fed the large, dry cowhides into the machine and he pulled them out the other end. I said I was amazed to see how management jumps right into the labour process. He attributed that behaviour to the scale of his factory, saying that it's often necessary for owners to do manual labour in small tanneries because they have a shortage of workers.

This organization of work, combining high technology with teams of unskilled labour, is relatively new to the industry in Taiwan. In the following section, I look at two technological innovations that have resulted in major changes in the social organization of labour in leather tanneries. I first discuss the introduction of automated drying machines, which has changed the work done by women in tanneries, and then leather splitting machines, which has transformed work done by men.

Technological Change in the Leather Industry

In my interviews with tanners, they often described their work histories to me as a narrative of capital growth and technological change. I was fascinated by these histories, as their descriptions of earlier times in Taiwan were similar to the conditions I had witnessed in China. Some of them, having made business trips to the mainland, told me that production methods when they were young resembled what one can still observe in rural China. One elderly couple described the process by which they built up a successful pigskin tannery:

Husband: When I was thirty, I opened up my own tannery. At that time, it was easy to open up a tannery. It was all handicraft work, so the capital requirements were very low. We only hired three or four workers. We started out in Kaohsiung City, making pigskin, cowhide, shark skin, taking whatever work was available. I've now forgotten how to do all of that. We also did dog skins. That was good for gloves and shoe inner linings, but nobody makes that anymore.

Anthropologist (to wife): What did you do at the time?

Wife: I did the whole tanning process. When I was young, I had to learn it all, both wet and dry tanning. It was difficult at first, we had to work until twelve or one o'clock in the morning. We worked by hand, and could only do a few hides a day.

Anthropologist: How many hides could you produce in a day?

Husband: Only about three.

Wife: But we sold the hides, made a little money and saved it to buy machines. Then we slowly bought machinery, one piece at a time, and used it to produce more hides. Then we would sell those hides and use the money to buy more machines.

Husband: We don't work by hand anymore, and we can produce over one thousand pigskins a day. We have thirty five tanning drums.

In the early days, emphasized the elder tanners I interviewed, tanning was a handicraft industry, and they didn't have the modern imported equipment they use today. One of the major changes was the shift from tanning pits to tanning drums. In the old days, tanners used tanning pits. The hides were soaked in large pits, which required workers to actually enter pits of water themselves, and turn the hides by hand. Now modern tanning drums turn the hides automatically, and allow the workers to reduce direct contact with tanning chemicals. Tanning drums also produce a more uniform quality of leather, as it is possible to control the water temperature, and the hides are more evenly exposed to the tanning chemicals.

Drying Hides: No Longer a Household Chore

Older female informants tended to emphasize the job of drying hides. In earlier days, drying hides was considered to be the job of the tanner's wife and children. The wives and children would nail the hides down to wooden frames and put them out in the fields to dry in the hot southern sun. If it rained, they had to rush outside, gather up the hides, and bring them into the tannery. This organization of labour allowed the wives to combine household duties, child care responsibilities and tannery employment, as they could schedule the tannery work around other household chores such as cooking and laundry.

The introduction of drying machines has taken leather drying out of the domestic context, however, and placed it in the context of factory production. All of the tanneries I visited use modern drying machines, usually operated by a team of women workers. The rate of production is so fast that it can no longer be done as only one of many household tasks, and it is no longer an appropriate or safe chore for children. The drying rack operation, in fact, is one of the most impressive

stations in a tannery because of the speed at which the women work, and the click-clack sounds of metal clips bouncing off metal racks. The drying racks are stacked vertically in a large, heated machine. The women pull each rack out of the dryer in turn. Each rack holds two hides, stretched out and pinned with metal clips to opposite sides of a grate-like rack. They revolve the rack around to a horizontal position, rapidly unclip the dry hide from it, place it in a pile of dry hides, and then clip on a new wet hide. They then flip the rack around to the reverse side, and repeat the process. When the last rack had been put into the machine, the hides in the first rack are already dry and the process can be repeated.

This technological innovation has removed leather drying from the domestic sphere entirely. The wives of tanners can continue doing this job only if they abandon their domestic chores and child care responsibilities during work hours. Most of them, therefore, are not involved in the labour process directly. They either do not work in the tannery at all, concentrating on household duties; or they take office jobs in the tannery, where they can more easily watch over small children while taking care of other duties such as answering the telephone and managing company finances. For other women, however, especially middle-aged and elderly women whose own children have grown, this change has created new employment possibilities. Each drying machine requires a team of workers to operate it. This job is done primarily by women, and has resulted in a new class of workers that did not exist before the drying machines were introduced.

Leather Splitters: from Masters to Proletarians

Older men often discussed with nostalgia how technological change transformed the way in which people learn tanning. In earlier days, when tanning was based

more on manual skill than the use of automated machines, learning the craft required a long and difficult apprenticeship. Elder tanners told me long stories about the relationships between masters and apprentices. Their histories closely resembled those I had heard recounted among tanners in mainland China. Master tanners were often afraid to teach difficult skills to young disciples, for fear they would make mistakes and destroy expensive hides. As one tanner described his apprenticeship during the Japanese occupation:

My *shifu* (master) was so afraid I would make mistakes that he only let me do simple tasks like sweeping the floor and making tea. Yet I watched him carefully. And at night when he slept, I would sneak into the workshop and study the leather. That's how I learned to tan leather.

In discussing their apprenticeships, men emphasized leather splitting, the process I had myself experienced in the tannery in Tainan County. Whole cowhides are about 10-15 mm thick, and need to be split into thinner layers to be made into leather. Only a generation ago, splitting was done by hand with knives, and needed skilled craftspeople in order to split the hides into layers of the correct thickness. With such a basic level of technology, tanners could only split one to three hides a day. In modern tanneries, however, splitting is done with machines, and the job has become so simple that even an anthropologist with no training in tanning can do it. With modern machinery, the workers at one machine can now split 200 hides in one day.

As masters of a difficult hand skill, leather splitters were the most important craftsmen in a tannery. One tanner boasted that his father, as a youth, could split leather by hand to a thickness of only 0.2 millimeters. Once they mastered this skill, and after at least three years as an apprentice, young

tanners could become *shifu* themselves. Talented splitters were fiercely sought after by established tanneries, but with such valuable skills, they often left to establish their own firms.

With the introduction of automatic splitting machines, however, skill with knives became less important in leather tanning. Anyone with capital, even with no experience in tanning, could buy tanning machines and set up a tannery with hired labour. Mr. Zhou, an elder master who trained an entire generation of Kaohsiung pigskin tanners, explained to me how the status of the *shifu* has declined with technological process. He contrasted the role of the master to that of the "boss":²

Laoban and *shifu* are not the same. The *shifu* know how to do the whole process, whereas the *laoban* can only do a little tanning. The *laoban* is a business person first and a tanner second. Before, the *shifu* had their own tanneries, and skills were more important than capital. Now, capital is more important than skills, and owners hire *shifu* as technicians.

Taiwanese tanneries no longer rely on an apprentice system to train workers. Instead, those who work in tanneries can be divided into three categories: *laoban*, *shifu*, and common workers. These categories merge in the smaller tanneries, but are clearly defined in the larger firms. The owner, or *laoban*, provides capital to purchase land and equipment. Often the owners have experience working in other tanneries, but more recently people with no tanning experience have been able to buy tanneries and hire people with skills to manage production.

In the early days, when skills were more important than capital, it was not feasible for outsiders to enter the field without going through a long period of apprenticeship themselves. The *shifu* were truly the

² *laoban*, 老闆。

masters of the craft. The *shifu* are now subordinate to capitalist bosses. Whereas "*shifu*" once referred to master craftsmen, who usually went out and started their own tanneries, the term now applies to technicians, who have mastered the necessary skills and can supervise production. At the bottom level are the ordinary production workers, who merely run the machines.

In this chapter, I have outlined the labour process of leather tanning, and described my own brief experience working in a small, family-operated leather tannery. The labour process I observed, however, is not the only way in which leather can be tanned, but is rather the result of capital growth and the resulting technological change made possible by greater wealth. The introduction of such technologies has radically changed the social organization of labour for both men and women. Women once combined drying hides with other domestic chores. Now this task is no longer done by the tanners' wives and children, but has been relegated to teams of women workers. The male domain of splitting leather has also changed from the work of skilled masters and apprentices, to a proletarian job as part of an automated production process. With such technological changes, tanning is no longer done by families, but by teams of wage workers. The labour system that I had observed in the mainland was thus not the result of a unique Chinese mode of production, but rather caused by a lack of capital and the ability to buy more modern equipment. Technological change, as part of the expansion of capitalism, has thus alienated large numbers of people from the means of production and created a new group of workers. These individuals clearly form a labour force distinct from the tannery owners and management. But where do these workers come from? How do tanneries find workers?

Recruitment of Labour

Before I arrived in Taiwan, I was hoping to identify uniquely Chinese cultural labour flows, such as hiring according to native place or religious affiliation. Emily Honig (1992) found that native place identity was important in flows of labour in Shanghai as recently as 1980 (Honig 1992). In Hong Kong, however, Gene Cooper found that native place ties are replaced under capitalism by increased class consciousness among workers (Cooper 1980: 130). After working alongside factory women and living with them in the company dormitory, Lydia Kung similarly concluded that native place ties are not important in modern Taiwanese industry. She wrote that "sharing a common place of origin may facilitate familiarity among strangers but it does not seem to be of any lasting importance as a basis for building more enduring bonds" (Kung 1994 [1983]: 80). My research confirmed the latter studies, as native place had no influence on the leather industry. I found that leather tanners in Taiwan came from all over the west coast of Taiwan, with no discernible patterns of a regional specialization. Some tanners told me, however, that Kaohsiung was once famous for its tanners. It seems, therefore, as if a market economy and the ease of transportation on the small island of Taiwan have reduced the importance of native place ties in the Taiwanese tanning industry to almost nothing.

Another way of establishing extra-familial links would be religion. In a Skinnerian framework, some scholars of Chinese religion have found a rough correspondence between economic and religious organization that follows irrigation systems (Duara 1988) or river drainage basins (Sangren 1987). Anthropologist Ian Skoggard has written on the correlation between religious organization, labour

hiring, and subcontracting in Taiwan's small-scale industry. Strongly influenced by Sangren (1987), he argued that the hierarchical relations between places in the island's pilgrimage networks prefigured Taiwan's subcontracting systems in industry:

Pilgrimages communicated to participants the topography of power and basis of social order....In the post-war period, the temple system pointed out to urban-based entrepreneurs a "natural" direction in which to recruit labour. Rural labour was tapped not just because it was available, but because it was a population already subordinate to interests of dwellers living in higher-order centres of the religious hierarchy (Skoggard 1993: 43).

In the Taiwanese tanning industry, I found no evidence at all that religion influenced labour hiring. I directly asked tanners if they ever hired workers they met through religious organizations or temple networks. Not even one person said that religion played a role in hiring labour. Several of them, in fact, stated that they found the question to be ridiculous. The actual ways in which tanners recruit labour are far more mundane. All foreign workers are recruited through placement agencies. Taiwanese tanneries use a variety of ways to find local workers, the most common method being to post help-wanted advertisements in the local newspaper or in the form of red paper posters pasted in public places, such as telephone poles or walls. Thirty-three (49%) of the tanners interviewed said they use newspaper ads to find workers. Thirteen (19%) use red paper poster ads. The second most common way to recruit workers was to accept applications from individuals who apply directly to the company on their own initiative without any introduction. The third most common way is through personal introduction by current factory workers, followed by personal introductions from family members. The following sums up how tanneries

find non-family workers:

Table 5:1 Methods of Labour Recruitment in Taiwanese Tanneries (n=68, multiple responses possible)

Help wanted advertisements	46	68%
Workers inquire on their own initiative	40	59%
Personal introduction by factory workers	37	54%
Personal introduction by family members	13	19%
Religious groups or temple networks	0	0%

Source: Field research

In my survey of tannery workers, I also asked how they found their jobs in tanneries. Out of sixty-eight Taiwanese workers surveyed,³ thirty-six (53%) said they found their jobs through introductions by friends or family members already working in the factory. This is a logical way to find a job, since workers in a factory often know first when job positions are available, and also know people looking for jobs. Eighteen workers (26%) said they merely showed up on their own initiative and applied for the job. Nine workers (13%) said they found their jobs by answering advertisements. None of them said they found their jobs through religious networks. It is possible that some of them met their friends through religious organizations, but I found no reason to emphasize the role of religion in labour hiring.

These observations roughly confirm statistics reported by the Executive Yuan's Council of Labour Affairs. As in my survey, 53.6% found jobs through introductions by friends or relatives. They found that 41.9% of Taiwanese manufacturing workers found jobs through newspaper advertisements or public postings. Taiwanese economist Joseph Lee found that Taiwanese companies, in earlier days of high unemployment, preferred to hire neighbors, relatives, and acquaintances from their home communities. With low unemployment and an expanding labour market, however,

³ It is mere coincidence that I have interview data from 68 tannery owners as well as 68 tannery workers.

they can no longer rely on those traditional labour sources and now hire more and more workers on the free labour market (Lee 1995: 90-92). No matter how one looks at it, Taiwanese labourers find their jobs in much the same way as their compatriots in other countries: they read the help wanted section of the newspaper, they ask their friends and family for suggestions, or they simply show up at factories and apply for jobs themselves.

Conclusions

In this chapter, I have provided an overview of the labour process of leather tanning. The automation of the tanning process has had a dramatic impact on the social organization of labour in tanneries. Whereas tanneries were once small workshops run by skilled craftsmen and their families, new technology has permitted the development of a factory system of organization. Among other changes, skilled leather splitters, once masters of the shop, have been reduced to technicians working for other, capitalist bosses. By any standards, workers as a group comprise one of the largest segments of the Taiwanese population, and the number of workers far exceeds that of capitalists. The percentage of the labour force in manufacturing has steadily risen from a mere 16.9% in 1952 and 20.5% in 1960, to 42.4% in 1980 and then levelled off at 40% in 1990 (Wang 1997: 196; Executive Yuan Council of Labour Affairs 1995: 34-35). In 1994, the percentage of the employed labour force working in agriculture, manufacturing, and services was 11%, 39% and 50%, respectively, showing only a slight decrease in manufacturing (Executive Yuan Council of Labour Affairs 1995: 34-35).

More importantly, there are more workers than capitalists. My study of the southern Taiwanese tanning industry covers a manufacturing process that touches the

lives of 4300 tannery workers but only seventy-two tannery owners. There are thus sixty times as many workers than owners in the industry. It would be logical, therefore, to devote considerably more scholarly attention to workers than to owners. As tannery workers have a different relation to the mode of production than the bosses, they constitute a class. Yet the objective existence of a group of workers with interests different from that of factory owners is only part of the story. Contrary to Orthodox Marxist assumptions that capitalism should lead to antagonism between capitalists and workers, Taiwan has managed to avoid confrontational labour relations and the rise of a powerful autonomous labour union movement. How has Taiwan managed to avoid contentious labour relations? That is the subject of the next chapter.

Chapter Six: Making Hides and Manufacturing Consent

The former money-owner now strides in front as capitalist; the possessor of labour-power follows as his labourer. The former has an air of importance, smirking, intent on business; the latter is timid and reluctant, like one who is bringing his own hide to market and has nothing to expect but - a tanning (Marx 1967 [1887]: 176).

Classical Marxist approaches to labour relations assumed a polar opposition between the interests of workers and capitalists, with capitalists exploiting the surplus value created by the labouring masses. One of the central problems to be solved when proceeding from this approach is when and under what circumstances workers will unite as a class opposed to capitalist exploitation. Marx himself made a distinction between "class-in-itself" and "class-for-itself," the difference being the presence or absence of class consciousness. Class-in-itself refers to an objective social group defined by the relationship of its members to the means of production, regardless of whether individuals perceive themselves as members of a united class. Once workers perceive themselves as a unified class with interests opposed to another distinct capitalist class, they constitute a class-for-itself. At this point, Marx assumed that class struggle would develop, along with the demand for direct worker control of the means of production (Marx 1982).

Marxist approaches, however, are not necessarily reductionist, as they do take culture and history into account. Attempts to put class analysis in a cultural and historical framework began with Marx himself. In *The Eighteenth Brumaire*, for example, he described a situation where small-holding peasants in France lacked self-identity or common organization as a class because the French state took a series of measures to cajole and

appease small-holders. In a similar vein, social historian E.P. Thompson (1965) examined the specific historical conditions by which working class consciousness arose in England, focusing on such historical and ideological factors as the Protestant history of dissent, the working class mob culture of rebellion that developed out of a common history of oppression, and an official state ideology of equal rights which stood in sharp contrast to the daily reality of oppression and poverty experienced by most workers. As a product of history, he argued, class is not a "thing", but rather a "happening" (Thompson 1978b: 295).

Anthropologists, with their access to local conditions, have often done well at analyzing class consciousness in specific contexts. Issa Shivji (1976), for example, showed that class formation in Tanzania is based on two factors: position in the relations of production and ethnic identity. Classes are not merely abstract categories, he argues, but groupings of people who act collectively. Forms of identity not based on production relations, such as ethnic identity, may actually take precedence and prevent the formation of a unified class consciousness. These kinds of Marxist approaches remain relevant to a study of Taiwanese labour relations, especially when looking for factors that have influenced the development of class consciousness there.

In an argument similar to that made by Shivji, for example, some scholars have argued that gender identity can take precedence to class identity in large Taiwanese factories. Anthropologists studying large Taiwanese factories in the 1970s drew attention to the widespread use of unmarried female labour. They postulated that the use of temporary female labourers, forced to resign at marriage, may have inhibited the development of

working class consciousness there (Arrigo 1980, Diamond 1979, Kung 1994 [1983]). Gates called these women "part-time proletarians" to emphasize that they spent only a few years in the factories, and looked for other economic opportunities after marriage (Gates 1979). Kung (1994 [1983]) argued that these women did not constitute a working class, since their working careers and wages were subordinate primarily to the needs of their families rather than to those of capitalist bosses.

Taiwanese sociologist Hsiung Ping-Chun (1996), however, found that many women who had worked in large factories as young women turned to small and medium factories for employment after marriage. Focusing on married women in such factories and actually working with them, she examined oppressive labour practices and the subtle ways in which workers asserted their own power in the workplace. Her study showed that married female workers do indeed perceive their interests as opposed to those of their bosses, even in small firms.

Some Marxist studies of Taiwan have looked to structural factors limiting class consciousness, making the argument that the predominance of small subcontracting firms has retarded its development. Taiwanese sociologist G.S. Shieh (1992) demonstrated that an ideology of "spinning-off bosses" created by the possibility of starting one's own business inhibits the development of working class consciousness among workers in small workshops, as each believes that he or she has the possibility of opening up an independent workshop (Shieh 1992). Hill Gates, on the other hand, argues that small producers should be considered part of the working class. As subcontractors to large factories, the owners of small workshops are in some ways even worse off than the workers in large factories. Although their own profits are minimal, they absorb much of the

production overhead costs themselves and do not receive the welfare benefits of factory workers.¹ Furthermore, they identify subjectively with their proletarian neighbors (Gates 1987: 61).

Whether or not Taiwanese workers possessed class consciousness was a moot point until Taiwan ended martial law in 1987. Before that, all independent labour organization was illegal and inciting a strike was a capital offense (see Arrigo 1985), a limitation which should be kept in mind when reading any study of labour relations in Taiwan. In this chapter, I look first at evidence of class consciousness in contemporary Taiwan. I then examine the role of the state in labour relations, arguing that peaceful labour relations have been primarily a result of the carrot-and-stick policies of the KMT state. I then turn my attention to labour relations at the factory level, the various ways in which Taiwanese industrialists "manufacture consent" (Burawoy 1979, 1985) in their companies. In conclusion, I take a preliminary look at how the workers in Taiwan's tanning industry perceive labour relations in their factories. I begin with one of the most striking instances of class consciousness I observed among Taiwanese workers, the workers' demonstration on International Labour Day.

May Day in Taipei, 1997

On May 1, 1997, I went to Taipei to participate in the island-wide workers' demonstration. The demonstrators, gathered at the Taipei train station, were clearly visible from far away due to the large yellow flags carried by members of the Telecommunications Union and the Petroleum Workers' Union. The square outside the station was even more

¹For this reason, Engels argued that the putting-out system of subcontracting was just one more way in which merchant capitalists depress wages and extract surplus value from workers (Engels 1981: 1027-1047).

bustling than usual. Amidst a stream of train passengers coming out of the station and street peddlers hawking a variety of goods, labour organizers distributed pamphlets to passers-by, and organized the arriving workers for the planned demonstration. Each participant, whether arriving as an individual or as a member of the group, was asked to sign in upon arrival in order that organizers could estimate the numbers present at the demonstration. Organizers from several unions distributed black prison shirts to all of the demonstrators, asking them to wear them as a visual symbol protesting the weak position of labour in Taiwan.

After about one thousand people representing several unions had gathered at the Taipei train station, the demonstration began. One by one, the different groups of workers, each organized by a different union, marched out of the train station in a silent and orderly formation. The stars of the event, a group of eighty-five female garment workers currently on trial for a dramatic protest attempt in Taoyuan, led the march. As we marched through central Taipei, the demonstration weaved around the Japanese-owned Mitsukoshi Department Store, past the recently renamed February 28 Memorial Park,² and finally arrived at its final destination, the Taiwanese National Assembly.

As soon as we arrived at the National Assembly, we were surrounded by shielded policemen and soldiers, the security forces far outnumbering the protesters. Union leaders gave speeches, and one group staged a short theatrical performance. They enacted a courtroom scene, with a judge and executioner in traditional Chinese costume. They put a worker on trial, and called attention to how the trial was rigged because the capitalists have the money and power to rig the system

² Formerly called New Park, this park has been recently renamed in order to commemorate the victims of the February 28 incident. See page 60 above.

of justice in their favour. Suddenly, however, the workers took over the courtroom, and executed the judge. At which point the play was over, and the crowd sang the "Internationale" hymn of the working class.

After the play, more union leaders gave speeches and outlined immediate demands for political change. Chief among their demands was a national Labour Court, dominated by unions, to mediate labour disputes. They had drafted a petition to President Lee Teng-hui, and asked for a representative of the government to come out and accept the letter. When it became apparent that no one was willing to come out and accept the petition, a group of workers began to agitate for storming the national assembly, and called out for the president to resign. The security forces gathered in closer around the demonstrators, their shields raised and batons in hand as if they were prepared for battle. After fifteen tense minutes, a member of the government finally came out of the National Assembly, escorted by police officers, and accepted the petition. He spoke for a few minutes, arguing that the government would listen to workers' concerns. The security forces rolled back and the crowd dispersed.

The Taiwanese labour movement is small, but has been growing since martial law was lifted in 1987. The symbolism used in the demonstration, including prison uniforms for all of the demonstrators and a play showing the diametric opposition between labour and capital in a staged courtroom setting, clearly showed that some workers perceive their collective interests to be opposed to that of the factory owners. The massive deployment of state force at the event also reveals that the state considers workers to be a potential source of opposition. Unions organize such peaceful demonstrations several times a year to express their dissatisfaction with labour relations in Taiwan.

As Taiwanese workers get accustomed to their new democracy, these demonstrations are growing more popular. According to Taiwanese Labour Front estimates, the May Day demonstration in 1998 attracted over 20,000 marchers, an attendance twenty times greater than in 1997. It was the largest labour protest in Taiwanese history. Yet May Day demonstrations are not the only form of worker resistance in Taiwan.

Incidents of Worker Resistance

The most direct forms of class struggle experienced by Taiwanese factory owners are what Scott (1985) termed "everyday forms of resistance" on factory premises. One common form of resistance is gossip about the bosses (Hsiung 1996: 139), and criticism of their business practices. By engaging in such discussions, workers assert their own power through knowledge of the labour process and critical assessments of management decisions. One worker complained to me, for example, that the owner invested too much money in expensive imported equipment, and then lacked the funds to purchase raw hides. As a result, he had to rely on subcontracts from larger factories. As such orders are undependable, the tannery alternates between long slack periods with no work and rush periods when workers are expected to do long hours of overtime. Rather than describing the situation as an oppressive labour regime, however, that worker explained it as a foolish management decision, a statement which asserted his own knowledge and implied that he knows more about the tannery business than his boss.

Sometimes workers take more direct forms of resistance. If they are unhappy with work conditions, they may intentionally slow down work or intentionally make mistakes. The technically complex tasks of tanning make leather factories relatively easy to sabotage. As one *laobanniang* (wife as co-owner and manager of a

company) told me:

If the workers are unhappy, they sabotage the labour process by using too many or too little chemicals at certain points in the tanning process and ruin the leather. So I have to work hard to keep them happy.

Organized resistance is less common, but can assume dramatic proportions. In December 1986, the owner of Taoyuan's Lianfu Garment Factory moved production to China and closed the Taiwanese factory without giving workers the severance pay guaranteed by law. In protest, the aforementioned group of eighty-five female workers risked their lives and attracted media attention by demonstrating on the train tracks and disrupting railroad service for over an hour. Cases such as this reveal the ability of Taiwanese workers to resist when pushed too far. Labour disputes, in fact, have been on the increase ever since martial law was lifted in 1987. In 1994, there were 2,061 cases of labour disputes, 2,021 cases of which were eventually settled by government labour agencies. The main causes of labour disputes were contentious labour contracts, followed by wage disputes and problems with occupational hazards (Executive Yuan Council of Labour Affairs 1995: 66-67). The following table shows the increase in labour protests during the 1980s:

Table 6:1 Number of Labour Protests, 1984-1994

Year	Number of labour protests
1984	907
1985	1,443
1986	1,485
1987	1,609
1988	1,314
1989	1,943
1990	1,860
1991	1,810
1992	1,803
1993	1,878
1994	2,061

Source: Executive Yuan Council of Labour Affairs 1995: 129

Research conducted by Taiwanese sociologists indicates that Taiwanese workers do possess class identity, even if it has not led to opposition to capitalism as Marx had anticipated. Wu Nai-teh found that seventy-seven percent of manual workers identified with the working class, a figure which suggests that Taiwanese workers are no less class conscious than workers in western countries (Wu 1996: 88). Wu also found no correlation between class identity and size of firms. Working in small firms seems not to influence class identity, but does seem to reduce anticapital, oppositional attitudes (Wu 1996: 95). Because Taiwanese workers have a high level of working class identity, but a low level of anticapitalist attitudes, Wu concludes that class identity in Taiwan is a "hollow identity" which has little impact on actual political opposition (Wu 1996: 101). Wang Zhenhuan similarly concluded that Taiwanese workers perceive themselves as belonging to a unified class, but are not opposed to capitalism (Wang 1993: 214). Considering the recent failure of Communism in Eastern Europe, it comes as no surprise that workers in Taiwan or elsewhere take a conciliatory rather than oppositional attitude towards capitalism. In the near future at least, there seems to be no better alternative. Another possible reason may be that there are good chances of social mobility in Taiwan. Even working class Taiwanese believe it is possible for their children to attend good universities and move into a different social class.

Available evidence seems to show that Taiwanese workers do have some degree of class identity, but so far this class identity has not led to a great deal of confrontational labour politics. Most opposition tends to be towards specific companies, rather than against capitalism as a political and economic system. In order to understand why, it is important to look first

at the role of the state, and secondly at how Taiwanese bosses manufacture consent on the factory floor.

Labour Relations in an Autocratic State

On the front line against Communism in East Asia, the KMT state in Taiwan took several measures designed to prevent the emergence of class struggle on the island. One of the most radical and most successful policies used to prevent Communism in the countryside was "land to the tiller" reform (see chapter two). Land reform had a major impact on the industrialization of the island, as many rural people used their newly-acquired land to build small manufacturing workshops. By giving land to so many people, it also slowed the development of a landless proletariat, which Marx saw as a necessary precondition for class formation and class struggle. Those small-holders who gained land in Land Reform were much like the peasants described in Marx's *The Eighteenth Brumaire*, who did not develop class consciousness due to the appeasement measures taken by the state.

In case such indirect measures were insufficient, the KMT state intervened directly in labour relations. Following the massacres that came in the wake of the February 28 Incident, the KMT completely obliterated autonomous labour unions. Using a carrot-and-stick approach to labour, it was able to prevent Communism from taking root in Taiwan. Taiwanese sociologist Wang Zhenhuan argued that the KMT state averted the development of class consciousness and a radical labour movement through two related policies. First, the government took a state corporatist stand towards labour, regulating wages, insurance, and benefits in ways that sometimes benefited labour. The government established state-controlled labour unions and set up local institutions for workers. Workers' Recreation Centres, established all over Taiwan, still provide

sports facilities, gathering space, and even hostel accommodations, for use by Taiwanese workers. These institutions express state control over the working class, but also have the effect of institutionalizing the working class. Because workers are encouraged by such state institutions to identify themselves as workers, a strong class identity has developed in Taiwan.

This class identity, however, did not lead to class conflict, as the KMT state suppressed autonomous labour organization. Each large factory had a union controlled by KMT party cadres, and often acted in direct collusion with management. Under martial law, independent labour unions were outlawed and strikes were forbidden. Inciting a strike, in fact, could potentially incur the death penalty (Kho 1996: 513). Undercover security forces worked in factories to prevent labour conflict and to weed out potential autonomous labour organizers. Workers were thus understandably afraid to take direct collective action in protest of abuse or poor conditions (Wang 1993). The use, or even the threat, of force to prevent labour unrest reveals that there probably was strong working class consciousness and fear of Communism during the early decades of KMT rule in Taiwan. Otherwise, Chiang Kaishek would never have perceived the need to crush unions and place undercover security agents in factories.

Economist Joseph Lee sees three stages in the evolution of labour relations in Taiwan. The first stage, from 1946 to 1960 was characterized by authoritarian industrial relations and repressive government policy. The second stage, from 1961 to 1980, was one of paternalistic industrial relations and inactive government policy. The third stage, from 1981 to the present, consists of modern industrial relations and an active government labour policy. During this

period, the state has slowly become more pro-labour, unions have become more powerful, and industrial relations have become increasingly formalized (Lee 1995: 89).

The strongest pro-labour state action was the implementation of the Basic Labour Standards Law (LSL) in 1984. In 1987, the government created a cabinet-level Council of Labour Affairs to enforce this law and handle labour disputes. The LSL stipulated a minimum wage, welfare benefits, and minimum labour standards, all with the intent of protecting workers. The law, however, has dissatisfied workers and capitalists alike. Labour has been dissatisfied because the law covers only certain occupations, and is only enforced in companies with more than thirty workers.³

Capitalists are dissatisfied with the LSL because it raises labour costs by as much as thirty per cent (Lee 1995: 105). Companies have thus responded to the LSL by automating production, moving labour-intensive production abroad, hiring foreign workers, and subcontracting production to small workshops. Small firms and satellite companies in subcontracting networks are the main violators of the LSL (Lee 1995: 105). The law, in fact, is routinely ignored in small factories and subcontracting workshops, especially in regard to overtime and holidays. When I noted that workers in one tannery were working on a legal holiday, for example, the owner merely remarked, "We have to pay them for holidays anyway, so they might as well work."

The most important watershed in Taiwanese labour relations occurred in 1987, when martial law was lifted. Autonomous labour unions and strikes were legalized,

³ By 1998, the law had been expanded to cover all occupations. The focus of labour organization in June 1998 was no longer factory workers, but bank employees. In June 1998, bank employees in Taipei protested because a number of large banks were refused to enforce the legal limits on women working at night.

making it possible for an autonomous labour movement to emerge. One leading labour organization is the Taiwanese Labour Front, an autonomous labour association composed of labour activists from autonomous trade unions and intellectuals. It was initially established on May 1, 1984, as the Taiwan Labour Legal Assistance Association (TLLAA). Under martial law, the organization was not allowed to directly organize labour or incite strikes, and thus focused on providing free legal aid to workers. After martial law was lifted, the TLLAA was reorganized as the Taiwan Labour Movement Assistance Association, designed to help workers form autonomous unions and train union leaders. In 1992, it was once again reorganized as the Taiwanese Labour Front, as a grassroots organization working to promote the labour movement and reform labour law.

At least for the moment, Taiwanese manufacturers have the inertia of history working on their side. Autonomous labour unions have only been legalized recently, and unionization has been slow. Since the state has taken such a paternalistic stance towards labour, exemplified through the Basic Labour Standards Law and government-sponsored labour service centres to regulate workers' complaints, the demand for labour unions is reduced, even as legal space for them has expanded. Like the French peasants described by Marx, the workers of Taiwan have been largely appeased by the state. At the level of individual factories, moreover, Taiwanese bosses are adept at manufacturing consent in a variety of ways. These include the employment of cultural ideology, the use of recruitment techniques that inhibit unified class consciousness, and the outright purchase of consent. I begin by looking at culture.

Recent anthropological studies of both Japan (Bernier 1988, Kondo 1990) and Korea (Janelli 1993, Teal

1995) demonstrate that the employment of cultural themes in company ideology is a common strategy of manufacturing consent in East Asian firms. Upper management at the Korean Taesong conglomerate, for example, claims that the company is like a Confucian family. They stress Confucian "harmony" and argue that the company is like one big family. The company attempts to justify disciplinary action as merely fatherly benevolence, like that of parents seeking to improve their children. Such arguments, however, ignore other important facts -- that the Korean family has not been used as a model for other institutions, that parental authority is materially reinforced through the promise of property inheritance, that children cannot be fired whereas personnel can, and that colleagues advance at different rates through the hierarchy while siblings do not (Janelli 1993: 120). Most importantly, subordinates contest the metaphor, rejecting the idea that the company is like a family and advancing the view that its system of rank and subordination is more like the army (Janelli 1993: 223).

In this theoretical framework, culture is not a thing in itself which can impede or encourage labour unrest. Instead, it is an ideological tool which can be used to advance the interests of parties involved in labour relations. In the Korean case discussed by Janelli, cultural arguments referring to Confucianism advocated primarily the interests of management, and were in no way objective description of continuing tradition. As I show below, Taiwanese bosses also make cultural arguments about labour relations.

Manufacturing Consent in Taiwan

The Cultural Politics of Production

When discussing their own culture, many Taiwanese people take pride in a "human touch," or *renqingwei*,⁴

⁴ 人情味

which Taiwanese people bring to everyday transactions. Many view this human touch, in fact, as a uniquely Taiwanese characteristic. *Renqingwei* can be as simple as asking people questions about their personal life in order to express concern. It can also involve the sharing of time, eating together, or exchanging small gifts. *Renqingwei* provides a personal touch in what might otherwise be impersonal market exchanges. An example would be the relationship between Tainan businesswoman Wu Tingying and a young loan officer at her bank. Although their relationship was originally a market relationship between a bank officer and his client, it eventually grew into friendship due to Wu Tingying's ability to use *renqingwei*. When that loan officer's girlfriend left him, for example, he immediately called on Wu Tingying for advice and consolation. She invited him to coffee and gave him advice on how to gain and keep a girlfriend. Taiwanese people are well aware, however, that *renqingwei* can be manipulated for personal gain. Another loan officer, who introduced me to a leather tanning client and then left to take care of other business, warned me not to accept any invitation for the two of us to eat dinner with them afterwards. He was afraid, he said, that they might use the occasion to try to negotiate better conditions on their loan.

A related concept is *ganqing*,⁵ a term which refers to an emotional bond. Daily life in Taiwan, in fact, is infused with *ganqing*. It can refer to the close emotional attachment between lovers, or husband and wife. It can also refer to far more mundane personal relations. One Taiwanese friend, for example, explained that my tendency to always eat in the same restaurant was a result of the *ganqing* between me and the proprietor. When someone gets along well with

⁵ 感情

another person, they say that their *ganging* is good. *Ganging*, however, can be broken, an act which can have serious consequences. In describing the break-down of their business partnership, for example, one entrepreneur said that their *ganging* had broken down due to constant arguments about the telephone bills. Without sufficient emotional attachment, they felt they could no longer do business together

Ganging is especially important in class relations. As Morton Fried noted, "*Ganging* is the primary institutionalized technique by which class differences are reduced between non-related persons" (Fried 1969 [1953]: 103). Successful factory owners are skilled at using *ganging* with workers to manage labour relations. As sociologist Ping-Chun Hsiung points out, bosses invest a lot of time and effort in cultivating good will with employees and developing personal relations with them (Hsiung 1996: 133). Bosses are expected to become involved in the personal lives of their employees by giving personal favours in times of need. They contribute financially to expensive family events such as marriages and funerals. Many male workers even expect their bosses to foot the bill for an occasional visit to a prostitute. Cultivating good will with employees, however, pays off in the long run. Because it makes workers feel emotionally indebted to their bosses, it can be used to convince workers to stay with a company and to put in long overtime hours when production needs demand it. Some workers, in fact, disguise their employment status by referring to their work in factories as "helping"⁶ the owner, a practice also common in farming. Some workers prefer an employment relationship that encourages a personal relationship between employer and employee. In my survey of workers, I found that twelve out of sixty-

⁶ *bangmang*, 幫忙

eight workers (21%) prefer to work in family firms. Those respondents who said they preferred small family firms were all older women who said they prefer family firms because they are better at cultivating *ganqing*.

Ganqing, however, can also be used by management as a political tool. In my interviews with tannery owners, I asked if their factories are unionized. I found that none are unionized, although some larger tanneries have welfare societies that organize social events and help workers in times of need. Tanners often claimed that they don't need unions because they maintain good *ganqing* with their workers by themselves, and don't need assistance in labour relations. Some claimed that *ganqing* is a special Taiwanese trait that has allowed them to avoid the confrontational, union-based labour relations of the West.

I remain skeptical about a cultural chasm between a *ganqing*-oriented Taiwan and a union-based West. Taiwan in 1994 had 3,706 unions, accounting for 36% of the total workforce. The manufacturing sector had 983 unions with 398,000 members, or 16% of the workforce (Executive Yuan Council of Labour Affairs 1995: 65). In the United States, by contrast, barely ten percent of the private sector workforce and 14.5 percent of the total workforce is unionized. And western capitalists also make similar claims. When I interviewed the owner of a Canadian hide processor, he claimed that they don't need a union because they already maintain good relations with their employees. In the Taiwanese leather industry, the most visible proclamation of *ganqing* ideology is made by a Taiwanese-American joint venture. Just inside the front gate, itself decorated with the American and Nationalist flags, is a sign proclaiming the company's ideology:

Corporate Vision: to be the world class supplier of innovative quality leathers; committed to long-term partnerships with customers, employees, community

and suppliers.

The human touch of maintaining long-term personal relations is an effective way to do business and manage labour anywhere. In Taiwan, *ganqing* and *renqingwei* make up an effective cultural argument because people believe they are Taiwanese cultural traits. Yet the political implications of such arguments must be rendered visible, especially as they are used to control labour and to justify the absence of labour unions in individual factories. *Ganqing*, moreover, is clearly insufficient in itself to control labour. If such cultural institutions were enough to prevent labour unrest, in fact, the KMT state would never have needed to take the anti-labour measures described above. Taiwanese capitalists are well aware of the limitations of cultural ideology in the workplace and employ other means to manufacture consent. Just as selecting the right hides is central to manufacturing leather, recruiting the right workers is central to manufacturing consent.

Recruitment Tactics: Finding a Docile Labour Force

Finding labour is one of the biggest challenges faced by Taiwanese leather tanners. Older tanners complain that Taiwanese people have become lazy and are no longer willing to do hard work. Only a generation ago, jobs were so scarce that people were willing to take any job, even strenuous work in a leather tannery. Many people, in fact, had to bribe factories in order to get one of the few manufacturing jobs available. Now, however, labour is so scarce that factories have trouble finding workers. Leather tanneries, with their unpleasant odours and associations with dead animal hides, have an especially hard time finding workers. As one tanner said:

The Taiwanese don't want to do leather tanning.

Nowadays, the Taiwanese like to dress well and work in offices. But tanning is smelly, difficult, and heavy. Most of all, it smells really bad. Hides are like human skins, with veins, blood, and fat. They can be infected with worms, they attract insects, and they go moldy. Tanning is also a heavy job, since the wet cowhides weigh a lot. It is a very strenuous job.

The work is not only dirty and smelly, but also strenuous and demanding. It can also pose potential health problems. One tannery owner I interviewed, for example, had contracted a fungal lung infection from moldy cow hides, and that in spite of the fact that he had no direct contact with the hides. Production workers, on the other hand, are exposed to hides and chemicals for eight hours a day. In the busy seasons, they are expected to work overtime, often until late at night. Tanners report that most new workers only last a few months before leaving for other jobs, and some leave after working for only a few hours. Those that can get accustomed to the hard work and unpleasant odours, however, usually stay for ten to twenty years until they can retire at old age.

Tanneries must therefore resort to a number of recruiting tactics in order to find a docile labour force willing to do the strenuous work of tanning. Primary among those tactics are the recruitment of rural labour, elderly labour, female labour, and foreign labour. Workers from these demographic groups are perceived by tanners to be more obedient than other workers. The fact that they are so different from one another, moreover, probably prevents the creation of a unified class consciousness which could potentially lead to confrontation against the capitalists.

1. Rural Labour

Almost all leather tanneries are located in remote areas of the countryside, due to a number of factors. First, leather tanneries are not small courtyard

subcontractors. They require a larger area of land than many small workshops. Tanners thus prefer to locate in industrial parks or in remote rural areas where land prices are low. Second, since leather tanneries are highly polluting, they need to locate away from population centers where neighbors are more likely to complain and the state more able to enforce environmental standards. A third factor is the availability of labour. Many tanners, in fact, said they chose a rural location because it is easier to find workers in the countryside. Some said that rural people are more industrious workers because they are already accustomed to the strenuous work of agriculture. The higher risk of unemployment also makes rural workers more docile. One pigskin tannery, for example, moved production from an industrial park outside of Kaohsiung City to rural Yunlin County because it is easier to control rural labour. One of the female shareholders in the company, in charge of labour control, compared Kaohsiung and Yunlin workers:

Kaohsiung workers are harder to control because there are so many factories that they'll just change jobs if they are unhappy. The workers here don't leave because they don't have much choice but going back to farming or sitting at home and doing nothing at all.

2. Older, Uneducated Labour

Another common tactic is to hire older workers for unskilled jobs in the labour process of tanning. When asked about the age of the labour force, tanners usually characterized their Taiwanese workers as "old." Many of them, in fact, hire teams of older women, whom they call "obaasan" (Japanese for "grandmother") to work in dry tanning. One tanner estimated that about two-thirds of tannery workers are over forty years old. In my own visits to tanneries, I had the same impression, as I saw a lot of older men and women working in both the dry and

wet tanning process. In the tannery where I worked briefly, for example, I was the only person present in the plant without a wrinkled face. Tanners attribute this to the laziness of young people. As one said:

Taiwan prospered because the Minnan and Hakka peoples were hard-working and industrious, but now the young people are lazy, especially young men. The older generation succeeded because of their hard work, but now they don't want their children to lead the same bitter lives that they experienced. It's a big problem. So we hire a lot of old women, because they are very industrious.

Considering the age of most tannery workers, it is not surprising that the education level of tannery workers is low. Shengli Tannery, a large publicly listed tannery with over two hundred workers, provides detailed figures on education levels of their workers in their annual report. Since all tanners generalize their working force as poorly educated, I think this factory is representative of the tanning industry as a whole. The following table shows the education level of their workers:

Table 6:2 Education Level of Workers, Shengli Tannery, 1996

	number of workers	percent
junior college	17	6.34
high school	26	9.70
middle school	50	18.65
less than middle school	175	65.31
total	268	100.00

Source: Shengli Tannery, stockholders report, 1996

The most highly educated workers in tanneries are foreign workers. In the Changhua tannery I studied, eleven out of eighteen Filipino workers had college degrees and one had even finished his M.A. Their situation, however, differs greatly from that of Taiwanese workers. Since foreign workers come from poor countries, they can come to Taiwan for one or two years and save the equivalent of several years of a

worker's salary in their home country. Most of them are young, ambitious and well-educated. They are willing to put up with one or two years of manual labour, often planning to invest in a business of their own when they return to their own countries.

Well-educated Taiwanese, however, have good, well-paying job opportunities in management or in the service sector in Taiwan. Among the Taiwanese population, therefore, tanning is left to the undereducated and the old. These workers are relatively easy to control, as they have few other employment options available. The older workers, moreover, often work only to supplement the income of their families. It is common in Taiwan for elderly people in poorer families to do poorly remunerated manual labour, such as collecting recyclable materials from garbage, selling chewing gum on the street, or working in factories. They contribute their relatively meagre earnings to the family budget, and thus relieve some of the financial burden of younger family members. These older workers perceive themselves not as permanent members of a working class, but rather as needy individuals who work temporarily to help out their families. They are often seen as deserving of pity. As one informant remarked, "Those factory *obaasan* are all the mothers of unfilial sons. Their sons are all convicts and gamblers, and don't support their elderly mothers."

3. *Women Workers*

Some studies show that women have lower class consciousness than men (Wu 1996: 91), a conclusion consistent with tanners' observation that women are more industrious and cause less trouble than men. Tanners believe that women are more docile than men, and thus hire large numbers of women. The sixty-eight tanneries in my study employ 2508 men and 1756 women divided by gender and ethnicity as shown in the following table:

Table 6:3 Gender of the Tanning Labour Force, 1996-97

	Taiwanese	Foreign	Total
Male	1761	747	2508
Female	1720	36	1756
Total	3481	783	4264

Sources: interviews with tannery owners, 1996-97

From these statistics, it becomes apparent that leather tanning is not exclusively a male occupation. Men dominate the working force, but primarily because of the large number of foreign men employed in the industry. Almost all of the foreign tanners are men, probably more because of the division of labour in the migrant working force than due to dynamics within the tanneries. In the Filipino community, for example, men usually apply to come to Taiwan as factory workers and women as housekeepers. If we look only at the gender composition of the Taiwanese labour force, Taiwanese men and women work in tanneries in about equal numbers. Men and women, however, do not get equal pay. Women earn around NT\$15,000 (US\$476) per month, and men earn around NT\$25,000 (US\$794) per month. The lower pay for women is justified by the fact that women work in dry tanning, which is considered to be an easier job.

The assumption made by tanners that women are more docile workers than men is probably untrue, as is evidenced by the women protesters in Taoyuan mentioned above. More important than gender is the fact that most women working in leather tanneries are *obaasan*, or older women. As mentioned above, these women do not perceive themselves as members of a united working class, but merely as individuals contributing as they can to their household budgets.

4. Hiring of Foreign Labour

By the end of the 1980s, many Taiwanese companies were already moving abroad in order to solve the problems of high wages and labour shortage. In 1990, therefore, the government began permitting the use of

foreign labour in order to keep production jobs in Taiwan. The government strictly regulates the use of foreign labour. Only firms above a certain size and firms in targeted industries are permitted to hire foreign workers. Leather is one of the specified industries and all but a few tanneries meet the minimum size requirements.

As the above table shows, ethnicity now plays an important role in the organization of labour in Taiwanese tanneries, as more than 18% of the workforce is foreign labour. By far the largest number of foreign workers come from Thailand. In 1996-97, the 68 tanneries in my study employed a total of 648 Thais, 93 Filipinos, 39 Indonesians, two Indian technicians, and at least one mainland Chinese who crossed over to Taiwan illegally from Fujian.⁷ Within the Chinese population, ethnicity did not appear as an important variable. Among the tannery owners, only two individuals identified themselves as mainlanders, and none as Hakka. In my survey of workers, sixty-six workers identified themselves as native Taiwanese, but only one as a mainlander, one as overseas Chinese, and none as Hakka. I found no aborigines working in leather tanneries.

Both gender and ethnicity play a role in the social organization of labour in the tanneries. Generally, men are concentrated in the wet tanning stages, and women in the dry tanning stages. Foreign workers also are concentrated in the wet tanning stages. The most unpleasant tasks, as well as much of the overtime work, are assigned to foreign workers. Taiwanese workers are increasingly unwilling to work nights, as it interferes with their family lives. Taiwanese firms thus rely more and more on foreign labour for overtime and night shifts (*Ziyou Shibao*, November 23, 1996). Overtime

⁷ There may be more illegal Fujianese workers, but factory owners are unlikely to reveal that fact to a foreign researcher.

work is dangerous, as work until the wee hours of the morning weakens the workers' ability to concentrate on manual tasks, thus increasing the risk of injury. When production orders rise, most tanneries push their workers as far as humanly possible. As one tanner said:

We've been working long hours since the New Year, when we fell behind on production due to the long holiday. And foreign orders still pour in! The Taiwanese workers only work until midnight, and the foreigners work until three or four in the morning. The bosses stay up with them in order to push the production through. We haven't been taking any breaks at all, not even on Sundays.

Foreign workers are rarely given technical jobs, for two reasons. First, they are only allowed to stay in the factories for two years, so tanneries are reluctant to train them to do the more challenging jobs, only to see them leave and have to retrain new workers. Secondly, there is often a language barrier between the tanners and their foreign workers, so it is difficult to train them to do technical tasks. With those two restraints, most employers simply put foreign workers in the technically less complex, but more dangerous manual tasks of the tannery.

Workers from different countries have varying reputations among leather tanners, although all of them are perceived as more industrious than the Taiwanese. Since Filipino workers are accustomed to labour unions and confrontational labour relations, they protest when working conditions are poor. Thai workers are more diligent and less likely to protest. Indonesians are reputedly slow, but honest and dependable workers. Religion is an important factor when dealing with foreign workers. Most Filipino workers are Roman Catholic and often demand to have Sunday free in order that they may attend Mass. Thai workers, however, are Buddhist, like most Taiwanese and thus have no fixed days of worship. Unlike Filipinos, therefore, they are

available for overtime work on Sundays.

Foreign workers do not save tanneries a lot of money in wages. The Taiwanese state, in fact, is concerned that tanneries will prefer hiring foreign workers, thus contributing to unemployment among the local Taiwanese population. The state thus determines and enforces wage guidelines for foreign workers. Tanneries are required to pay NT\$15,800 (US\$502) to NT\$23,700 (US\$752) a month to skilled workers and NT\$13,300 (US\$422) to NT\$19,900 (US\$632) to unskilled workers (Chen 1995: 28). In my study, I found that foreign workers earn about NT\$18,000 (US\$571) per month. Since tanneries are also required to provide foreign workers with food, dormitory accommodations, and insurance, each foreign worker costs a tannery about NT\$25,000 (US\$794) per month. Foreign workers are thus slightly more expensive than local workers.

More important than the wages is the fact that foreign workers can make up for the local labour shortage and represent a docile workforce unlikely to protest. Since foreign workers are in Taiwan for only short two or three year contracts, their main goal is to make as much money as possible and then return home. They thus welcome the overtime hours that Taiwanese people often refuse. During the busiest seasons, when tanneries have to do night shifts, most tanners send their Taiwanese workers home and keep their foreign workers labouring through the night. Although foreign workers resent such work conditions, they usually tolerate the long hours and hard work because their contracts are temporary and wages are much higher than in their own countries. Furthermore, they are not free to break their contracts and move on to other factories. Taiwanese workers, on the other hand, are likely to quit their jobs and move to other factories if pressed too hard.

Some tanneries, however, refuse to hire foreign workers, fearful that they will drink too much or get into fights. Discipline, in fact, is one of the main problems facing tanneries that hire foreign labour. As one tanner said:

Foreign labour is important. Without foreign labour, even more factories would move abroad. But it's hard to manage foreign workers. We start out by being strict, but then we eventually let up. Some factories are like the military, doing things like not letting workers leave the factory at night. But I prefer to cultivate ganqing. If workers have ganqing with the boss, they won't go out and make trouble.

Leather tanneries go to great lengths to find a docile labour force: workers that are willing to endure strenuous labour, unpleasant working conditions, and long hours of overtime during busy season. In their recruitment strategies, tanneries seek industrious workers who are unlikely to protest. They thus employ mostly rural people, and hire large numbers of older, illiterate workers. Nearly half of their Taiwanese employees are "obaasan," the older women who work in the dry tanning sections of the tanneries. Most tanneries also hire foreign workers, primarily Thai and Filipino men, who are assigned the most strenuous tasks in the factories.

This unusual mix of workers is probably enough in itself to slow down the formation of a unified working class in Taiwan. The young foreign men of the wet tanning sections and the elderly Taiwanese women of the dry tanning sections come into the tanneries with entirely different interests, and do not even share a common language with which to discuss common labour problems. Unless Taiwanese labour unions can better organize such diverse groups of workers, the potential of unified protest is unlikely.

Purchasing Consent: Wages and Benefits

Consent is not merely manufactured; in a capitalist economy it is purchased on the labour market. Through a "wage-effort bargain," capitalists persuade workers to produce by offering them wages and other benefits (Shieh 1997: 13). Over the past thirty years, industrial wages have steadily risen in Taiwan, giving Taiwanese workers unprecedented prosperity. Taiwanese tanners are adequately remunerated for their labour. Workers in leather tanneries earn between NT\$15,000 (US\$476) to NT\$25,000 (US\$794) a month, and skilled technicians can earn around NT\$40,000 (US\$1270). Taking overtime pay into consideration, the highest paid leather tanners on Taiwan can make as much as NT\$80,000 (\$2540) a month.

Only by taking the fundamentalist Marxist stance that all capitalist labour relations are exploitative by definition can one argue that Taiwanese workers are exploited. From 1965 to 1975, for example, Taiwan's labour productivity increased by 5.19% annually, while the real wage rate increased at 5.91 percent. From 1976 to 1986, productivity rose 5.27 percent annually while the real wage rate increased 5.3 percent annually. Over that twenty year period, real wages in Taiwan grew 150 percent, a real wage increase that is the envy of the rest of the world (Lee 1995: 98-99). In interviews, labour organizers told me that wages are high enough in Taiwan that wages are not a useful rallying point for union organization. Instead, unions must focus their attention on working conditions and disputes about issues such as retirement pay.

In addition to wages, workers receive numerous other benefits. Bosses often embed these benefits in a paternalistic ideology in order to nurture *ganging* with workers. Most of the tanneries I studied, for example, provide their workers with financial aid for weddings, funerals, and other major life cycle expenses. Many of

them provide social events, such as day trips to local scenic areas, sports events, or karaoke singing. Those that can afford it have even taken workers on group tours to Hong Kong and Southeast Asia. In large tanneries, these benefits are distributed through factory welfare societies, which many tanners see as an adequate substitute for unions.

Almost all of the tanners I interviewed reported giving annual bonuses in the form of "red envelopes" stuffed with money at the Chinese New Year, often equivalent to one month of wages. Although tanners usually perceive red envelopes as a form of profit-sharing that should be tied to productivity, workers usually see it as a customary right, and often compare their bonuses with those received by workers in other factories. Bosses that give smaller bonuses than others are often perceived as stingy. Ninety-six percent of Taiwanese manufacturing enterprises report giving annual bonuses (Executive Yuan Council of Labour Affairs 1995: 242). In a study conducted by the Council of Labour Affairs, 57 percent of manufacturing workers found their annual bonuses to be "fair and reasonable." Twenty-three percent found them "acceptable" and only 1.52% found them "too low" (Executive Yuan Council of Labour Affairs 1995: 250-251).

Because workers compare benefits with friends and family, and labour mobility is high, companies must compete on the basis of benefits in order to get and keep workers. As one tanner reported:

In Taiwanese firms, if the benefits are good, employees will introduce their family and friends to come there to work. Employees have faith in a company only if the benefits are good. Then they want their friends and family members to work there too. Before, we couldn't keep up with the number of people being introduced. Now that the benefits aren't as generous as before, our employees rarely introduce people to us, except for the relatively easy jobs.

Over the past thirty years, workers have been able to claim larger portions of an increasing economic pie. Workers receive reasonable wages and benefits, and unemployment is extremely low. From 1985 to 1994, unemployment has remained between one to three percent, highly enviable rates compared to Canada and Western Europe (Executive Yuan Council of Labour Affairs 1995: 594). From January to November of 1997, the average monthly unemployment rate was 2.74%, the highest since 1986 (*Zili Zaobao*, December 24, 1997). The high availability of jobs means that workers are able to change jobs rather than join unions or resort to collective action when they are unsatisfied with working conditions. This contributes to Taiwan's notably high labour mobility rate (Lee 1995: 108). In such an economy, capitalists have to compete to get workers, and labour is a seller's market.

Workers' Opinions on Labour Relations

Workers themselves are skeptical about Taiwanese labour relations. At one large non-unionized tannery, I was able to conduct a small survey on labour relations administered by the tannery's production manager (see below). This haphazard sample surveyed forty-six workers, including twenty-nine Taiwanese and seventeen Filipino workers. I asked them whether they agree or disagree with the following statements about Confucianist labour relations, the Basic Labour Standards Law, labour unions, and factory welfare societies:

- 1. Taiwanese factory owners follow Confucian thought and can thus protect workers' interests on their own.*

In asking this question, I found little support for a Confucianist theory of labour relations in which paternalism can protect workers' interests. Sixteen out of forty-six respondents agreed with the statement,

thirteen disagreed, and seventeen expressed no opinion. The Taiwanese workers were more likely than their Filipino counterparts to disagree with the Confucian thesis, as nine Taiwanese and four Filipino workers responded negatively to this statement. Interestingly, all of the nine Taiwanese respondents who agreed with the Confucian thesis were older women.

2. The Basic Labour Standards Law is sufficient to protect the workers' interests.

I also found little support for the Basic Labour Standards Law. Only seventeen out of forty-six respondents agreed with the statement, ten disagreed, and nineteen expressed no opinion. Eleven Taiwanese workers thought the law was sufficient to protect their interests, eight found it insufficient, and ten gave no opinion.

3. In order to better protect the workers' interests, Taiwan should strengthen labour unions.

Labour unions got strong support among both Taiwanese and Filipino workers. Twenty-eight out of forty-six respondents (more than half) agreed that Taiwan should strengthen labour unions, only four disagreed with the statement, and fourteen workers gave no opinion. The Taiwanese workers were close to unanimous, as twenty-one workers supported labour unions, and only one opposed them.

4. Factory welfare societies are sufficient to protect the workers' interests.

Workers were cynical about factory welfare societies, often promoted by capitalists as an equitable alternative to labour unions. Only eight out of forty-six respondents thought that welfare societies can protect workers' interests, fifteen disagreed, and twenty-three gave no opinion. Of the Taiwanese respondents, who have more experience with welfare

societies, thirteen found them insufficient and only one thought that welfare societies can protect workers' interests.

Unfortunately, I was only able to conduct this survey at one tannery. Since it was based on a haphazard sample taken by the tannery's production manager rather than by scientific random sampling techniques reduces its scientific validity. Moreover, the fact that it was administered by the production manager probably intimidated some of the workers, and may account for the large number of respondents who gave no opinion. Nonetheless, after a year of ethnographic field research, I think it is valid to draw a conclusion that Taiwanese workers support labour unions, and find Confucian ideology, the Basic Labour Standards Law and welfare societies all insufficient to protect their interests. In private conversations with workers, I found widespread dissatisfaction with such institutions. Workers cited numerous violations of the Basic Labour Standards Law, especially in regard to arbitrary and excessive overtime. Workers dismissed welfare societies as useless, especially since they rarely address real issues concerning workplace conditions. As for my questions about Confucian ideology, the question incited laughter from workers and tannery owners alike. Tannery owners themselves said that Taiwanese capitalists drive their workers as far as they can for the lowest wages they can possibly give, all in search of higher and higher profits. Each, of course, then offered his own tannery as a counter-example of a tannery with good working conditions.

Conclusions

Wage labour is so common in Taiwan, even in so-called family firms, that any study of Taiwanese manufacturing is incomplete without a discussion of labour relations. Most evidence, from the results of

sociological studies to the growing incidence of collective labour disputes, indicate that Taiwanese workers identify themselves as members of a working class. This class identity, moreover, has been part of state ideology and crystallized through such institutions as state supported trade unions and workers recreation centers. The strongest evidence of Taiwanese working class consciousness is found in the actions of the KMT state. During the forty years of martial law, they feared Taiwanese workers so much that inciting a strike was punishable by the death penalty.

Since the end of martial law in 1987, autonomous labour unions and even strikes have been permitted. Labour disputes have risen since then, probably due to a backlog of complaints workers were afraid to address under martial law. Due to the rapid expansion of the economy in the past thirty years, however, the living standard of workers has improved dramatically. In such an economic environment, there has been little incentive for widespread collective action against capitalism. Workers have little trust in either their bosses or the state, and would likely support stronger labour unions. In times of low unemployment and a labour shortage, however, it is easier for individual workers to gain better working conditions by moving elsewhere than it is to organize collective action.

Economic good times, however, cannot last forever. If the economy were to experience a downturn, both capital and labour would be ill-prepared. Economic hard times could very well lead to class conflict in Taiwan. Workers, if forced to bear the brunt of a potential economic crisis, would be the first to suffer if firms were forced to lay off workers or go out of business entirely. Hopefully, autonomous labour organizations such as the Taiwanese Labour Front will be able to take a leading role in peacefully negotiating labour

relations when hard times come and workers can no longer protect themselves merely by changing jobs. Whether or not they are ready for that task, however, remains to be seen.

My own research in the Taiwanese leather tanning industry shows that class is indeed a key issue in Taiwanese enterprises. The hard labour of production workers has certainly contributed to the Taiwanese "miracle." Yet workers are not the only individuals overlooked in the discourse on Chinese family firms. In the next chapter, I look at the role of family women in Taiwanese enterprises. What contributions do women make to Chinese family firms in Taiwan? What alternatives does Taiwanese capitalism offer to women outside of the family firm?

Chapter Seven: Women and Enterprise in Southern Taiwan

"There are two kinds of women in business: those who go into business with their husbands and those who go it alone" (a female shop owner, Tainan, May 1997).

In my first week in Taiwan, because of a casual conversation with a bank loan officer, I began to notice the crucial role that women play in Taiwanese enterprises. His job was to evaluate loan applications, and gather data on firms in order to calculate their credit worthiness. When I told him about my research project, he offered me the following advice, based on his experience in the bank, on how to conduct research on Taiwanese family enterprises. "Whenever possible," he suggested, "interview the wives. The women usually know more about the business than the men, especially when it comes to financial matters. I myself prefer to deal with the women because they know more about what's going on in the companies than their husbands."

Very little of the anthropological literature would have led me to anticipate such advice, since few scholars have devoted attention to women in enterprises, and many have assumed that women are entirely subordinate to the fathers and husbands who own family firms, particularly in Chinese societies. In the 1970s, several American anthropologists conducted research on family businesses in Taiwan (DeGlopper 1978, Niehoff 1987, Stites 1982). These studies all focused on the family as a unit, and paid scant attention to the different roles played by men and women in such businesses. These themes articulated well with a tradition in sinological anthropology of emphasizing the relation of the domestic cycle to the family's economic activities and the household organization of labour (Cohen 1976, Freedman 1966, Lang 1946, Levy 1963).

Most saw the contemporary proliferation of small manufacturing operations as a continuation of peasant logic or traditional Chinese values. Niehoff, for example, argued that industrialization of the countryside did not alter traditional values. He concluded that rural Taiwanese manufacturers "structure the organization of production in such a way as to further the household's genealogical goals" (Niehoff 1987: 308). These scholars assumed an unproblematic transition from peasant society to manufacturing, and thought that women remained subordinate to men in the new industrial context.

These studies, by using the family as the unit of analysis, obscured gender inequalities within Taiwanese families and manufacturing enterprises. They virtually ignored the different roles played by women and men and the use of unremunerated female labour in family enterprises. In her scathing critique of this literature, Greenhalgh (1994) attempted to "de-orientalize" the Chinese family firm. She questioned cultural explanations and emphasized instead how the division of labour in Chinese firms was a political construction of family/firm heads pressed by the national and global political economies to build factories out of meager family resources. In a modest appraisal of her own research on Taiwanese businesses in the late 1970s, she noted that she, like others, had only interviewed male entrepreneurs and not insisted on interviewing wives. She encouraged other anthropologists to focus more attention on the perceptions and attitudes of women in family businesses.

Several recent studies have put women at the centre of their research, but usually look at female workers rather than at women in management. To date, the most detailed account of entrepreneurs' wives is found in Oxfeld's account of Chinese-operated tanneries in

Calcutta. She emphasized the strong role women played in such enterprises, noting that her informants cited the role of women as one reason for their success, and as a means of favorably contrasting their own tanneries with those run by Indians, where female family members play no discernible role (Oxfeld 1992: 143). Oxfeld made two central arguments about the role of entrepreneurs' wives in Chinese family businesses. First, she found a correlation between the size of the firm and the role that women play in their family businesses. In the tanneries she studied, there was a tendency for women to withdraw entirely from the enterprise as the firms expanded in size (Oxfeld 1992: 144). Secondly, she argued that the most salient feature of the sexual division of labour in such firms is a distinction between public and private spheres of activity:

A separation exists between a totally male sphere, which deals with the external world of the rawhide market and the leather buyer, and an internal sphere of factory production, in which both male and female family members participate....The split between the relatively public realms of family business activity and those areas of business activity that allow a person to remain in close proximity to the domestic sphere is therefore the most salient feature of the sexual division of labour in these family businesses (Oxfeld 1992: 148).

Similar observations were also made by Susan Greenhalgh, based on research in Taiwan in the late 1970s. She also argued that the proportion of female family members working in Taiwanese firms decreased as business size increased (Greenhalgh 1994: 753). Their roles, however, were confined to the "inside" or domestic spheres, a division of labour which basically constricted women to their families (Greenhalgh 1994: 759).

The studies discussed so far all depict women

solely as members of families, subordinate to the decisions of male family heads, rather than as individual economic actors with attitudes, perceptions, and aspirations of their own. None of them devote any attention to women who run their own businesses. Ian Skoggard's study of the Taiwanese shoe industry is a notable exception. He notes that ten percent of the registered factories in Tsaotun, Nantou County, are owned and operated by women. Furthermore, four of the thirty workshops he visited were run by women. He provides a detailed history of one unmarried thirty-nine year old entrepreneur who lives with her female partner and runs a stitching workshop. Her story, however, also demonstrates how women are subordinated in family firms, as the price of her commercial ambition was high. She has no plans to marry, and argues that, "for a woman, family and business do not mix" (Skoggard 1993: 178).

Hill Gates (1993, 1996) portrays a slightly more optimistic view of women entrepreneurs. Based on research in both Taipei and Chengdu, she argues that successful businesswomen can be found everywhere in China and Taiwan, creating new female identities of substantial social power and esteem. Petty capitalism, she argues, gives women opportunities for wealth, autonomy and social power. She found that women sometimes dominated family enterprises, and that ability often outweighs gender as a factor in decision making in such firms.

The goal of this chapter is to focus discussion on the roles, attitudes, and perceptions of women in Taiwanese enterprises. In the first section, I discuss the roles played by owners' wives in the tanneries that I studied. In the second section, I look at the position of daughters and daughters-in-law in family tanneries. In the third section, I examine in greater depth the histories of two exceptional cases: tanneries

owned and operated by women. Since only two tanneries in Taiwan are owned by women, however, I needed to examine firms in other sectors of the economy in order to better understand independent female entrepreneurs. That is the goal of the fourth section of this chapter. To what extent have women in Taiwan benefited from an expansion of the market economy?

Women's Labour: the Role of Wives in Family Tanneries

In the tanneries studied by Oxfeld, family and enterprise were firmly entwined, even in their organization of space. In Oxfeld's sample, kitchens and living space were incorporated into the manufacturing area in twenty-five out of forty-six firms studied. In eight firms, the kitchen was adjacent to the manufacturing area, and in thirteen the living and eating areas were separate from manufacturing, placed on a different floor in the tannery. In Taiwan, however, I found a clear distinction between manufacturing and living/eating space. In none of the seventy tanneries in my study did they combine manufacturing with living and eating space. In thirty of the tanneries studied, the families lived on the tannery premises, but in a building entirely separate from the tanning facilities. In the remaining thirty-nine tanneries, the owners commuted daily to the tannery, usually from the nearest urban center to the rural or suburban tannery. One tanner in northern Tainan County, for example, commutes daily from Kaohsiung to go to work, a drive of over an hour. When I asked him why he prefers to live in Kaohsiung rather than near his tannery, he replied that the schools are better in Kaohsiung and he wants his children to get a good education. His concerns are thus not very different from bourgeois families in North America who choose to live far from their workplaces in order that their children can get better education in

suburban schools.

This difference alone indicates that the Chinese-run tanneries in Taiwan and India are at entirely different levels of development. Taiwanese tanneries have a great deal more capital than their Indian counterparts. Tannery owners thus no longer have to live in their tanneries, with the putrid smells and health hazards implicated by such living conditions. When Taiwanese women work in their family tanneries, therefore, it is not merely an adjunct to the domestic duties performed in the house, but a job in itself.

In Taiwanese firms, the owner is referred to as the *laoban*,¹ or boss. In family firms, the owner's wife is referred to as the *laobanniang*,² or "propriessess." The female term is complementary rather than diminutive, often with an implication of participation and co-ownership in the enterprise. In my interviews, I asked the open-ended question: "What does the *laobanniang* do in the tannery?" I soon discovered that the question itself was problematic, as it assumes that the owner's wife works in the tannery, an assumption which was not the case for nearly half of the firms studied. Some informants expressed impatience with the question, emphasizing to me that there is no *laobanniang*, since the owner's wife has no connection at all to the tannery. Most interviewees nonetheless provided information about her work outside of the tannery.

Slightly more than half of the owners' wives (thirty-seven out of seventy) work in their husbands' firms. Often men simply responded with "She helps out," in which case I pressed for more specific answers, wanting to learn if the women worked in management or in production. When they responded that she is a housewife, I inquired if she ever helps out in

¹ 老闆

² 老闆娘

the tannery. By pressing further, I found that several "housewives" actually work in the tanneries every day. Only in cases where I could determine without a doubt that the wife **never** works in the factory did I classify her as a housewife. The responses to the question are indicated in Table 7:1.

Table 7:1 Employment of Owners' Wives in Tanneries (N=70)

Wife works in husband's tannery	37
Housewife	15
Wife has own career	9
"No laobanniang"	6
Unmarried owner	1
Tannery owned by woman	2

Source: field research

Oxfeld and Greenhalgh both noted a correlation between firm size and the participation of wives in their husbands' businesses. No matter how I arranged my data, I found no correlation at all between firm size, measured by the number of workers, and the participation of wives in the workforce. The rate of participation of women in their husbands' firms remained steady across all size categories, with wives working in approximately half of the tanneries in each category. Oxfeld was able to find a "threshold number," a firm size after which women were unlikely to participate in tanneries in her study. I was unable to find a meaningful threshold number in my sample. The largest tannery in which the wife worked employed 160 workers, but only six firms were larger than that. The sixty-eight firms, on which I have data about both number of workers and wives' participation, can be divided into categories as follows:

Table 7:2 Wives' Participation in Tanneries, by firm size (number of workers)

firm size	number of firms		total firms (# of workers)
	women participate	women do not participate	
0-4	1	0	1
5-19	8	7	15
20-49	11	12	23
50-	15	14	29
total	35	33	68

Source: Field research

Oxfeld found that, as firms expand, women withdrew from tannery work entirely, and men retired from the labour process, specializing in management tasks. My data from Taiwan, however, reveal that women are active in even relatively large firms. Like men, they tend to withdraw from the labour process and go into management as their firms expand. Those who do not work in the labour process directly usually used management titles, such as "production manager",³ or "financial manager"⁴ to describe their jobs to me. Oxfeld's observation that Chinese women retire from their family factories entirely as the firms expand in size does not apply to the Taiwanese leather tanning industry. As tanneries expanded in Taiwan, some women did leave the firms, but some of them began to specialize in management, just like their husbands.

Public and Private Spheres

When asked about the division of labour by gender in their firms, many respondents said that men are in charge of "public" matters, and women are in charge of "private" matters.⁵ The work done by women in these tanneries conforms roughly to the observations of Oxfeld and Greenhalgh that the sexual division of labour in family firms is based on a distinction between public and private spheres. Of the thirty-seven firms where

³ *changzhang*, 廠長

⁴ *caiwu jingli*, 財務經理

⁵ *nan zhu wai, nu zhu nei*, 男主外女主內

the wife worked in the tannery, only six responded by saying she does the public functions of public relations, sales, and rawhide purchasing. The most common reply was accounting and financial management, with fourteen of the thirty-seven women working in that capacity. Seven replied that the wife is in management, usually giving her the title of general manager. In those cases, she was in charge of both finances and labour management. Twenty-one out of thirty-seven wives, therefore, are in charge of the finances of their family businesses, exactly as my banker friend had predicted. In seven cases, the wife is the production manager, in charge of labour. In eleven cases, the wife worked in production, usually at the end of the production process, in trimming, measuring and packaging. In nine cases, the wives were in charge of quality control and inventory.

Table 7:3 Job Descriptions of Laobanniang in Tanneries (N=37)

Public/outside Jobs:	
Public Affairs	2
Sales	3
Rawhide purchasing	1
Total public jobs	6
Private/inside Jobs:	
Finance/accounting	14
General management	7
Labour management	7
Production	11
Inventory/quality control	9
Total private jobs	48

Source: Field research (Note: multiple responses possible)

When talking about gender roles, female informants often contrasted women and men, describing women as having refined and meticulous hearts (xixin),⁶ whereas men are described as having coarse and unrefined

6 細心

hearts (*cuxin*).⁷ In reference to the human body, *xi* refers to slim builds, which are seen as ideal for women. *Cu* refers to strong, muscular builds, which are seen as ideal for men. Since women are seen as refined and meticulous, they are perceived as better at doing tasks that require attention to detail, such as mathematics. Women often used this distinction between male coarseness and female refinedness to explain to me why women often enter math-related professions such as banking, accounting, and stock brokerage. This distinction also applies to the jobs of women in family tanneries. As one woman told me:

The *laobanniang* is often in charge of quality control, since women are relatively strict and meticulous. Since women can notice every small detail, they are more careful. Men on the other hand are more coarse. My mother is quick to notice poor quality, as well as to notice what leather can be used and for what purpose. Many tanneries, for example, just discard the leftover leather trimmings, but my mother knows how to collect them, fix them up, and then she sells them to mainland China.

The gendered division of labour between inside/private/female jobs and outside/public/male jobs should not be overdrawn, as the women who specialize in finances and accounting must deal with bankers and government officials. Furthermore, one cannot assume that "inside" jobs imply a lack of power. First, the wives who work in factories have power over their workers and are often expected to take over all of the tasks related to labour management. Secondly, those wives in charge of finances and accounting can actually exercise a good deal of control over their firms because they are in charge of the money. In those cases, men may do purchasing and sales, representing the firm to the outside world, but women are in charge of the daily operations of the tanneries. The women themselves

⁷ 粗心

often emphasize the power they hold and their crucial role in the tanneries. As one woman said, "the *laobanniang* is the busiest person in the factory."

Women who work hard in the public sphere have recently received a great deal of attention in the Taiwanese press. Successful career women, especially those in traditionally male fields, are referred to as *nuqiangren*,⁸ roughly translatable as "strong women." The attention given to *nuqiangren* has been criticized by feminist commentators, who draw attention instead to the more widespread economic subordination of women in Taiwanese society (i.e. Zhang 1996). I, however, encountered many capable, strong women in contexts ranging from the factory floor to brokerage firms. None of them used the term *nuqiangren* to describe themselves. Even when asked by myself or others if they perceive themselves in such terms, they replied that their hard work does not qualify them as *nuqiangren*.

I now turn to a discussion of the *laobanniang* in Taiwan's tanneries, drawing upon their histories and perceptions of their firms. Their narratives emphasize that Taiwan's tanneries were built with women's skills, knowledge, and capital. For the women, this investment has usually paid off in a better standard of living.

Laobanniang One:

Huang Meihua, an outspoken 53 year old *laobanniang* in one rural tannery, credits herself with the establishment of her family tannery. Before she married, she worked as an accountant in a factory that made water faucets. While working there, she not only managed to accumulate savings but also learned important skills in business administration and management that would later be useful in her career. After marriage, she left that job and her natal village to move to another village with her husband, the son of

⁸ 女強人

a policeman and a common labourer in a leather tannery. She was not content with that life, however. She said:

I always wanted to go into business, but he (her husband) didn't. He thought it was enough to work in a factory. But I wanted to earn a lot of money, and I insisted that we do business ourselves. He already worked in a leather tannery, so I encouraged him to open his own tannery. It's better to be the owner than a worker, I said. Workers don't have enough money. So I thought of a way to open our own factory and we did it.

Using her own savings, money from her dowry, and a loan from a rotating credit association, she rented factory space in Taichung City in 1971, and they started tanning on their own. She took charge of administration and management, while her husband took care of the technical aspects of tanning. By 1976, they had earned enough money to purchase land outside of her husband's village and build their own tannery, an initial investment of NT\$180,000. As the tannery grew, they could buy more automated machinery and slowly expand production. Now, she boasts, there is no reason for either her or her husband to participate in the labour process at all, and they earn over NT\$100,000 a month. She still works in management, managing finances, overseeing workers, and purchasing raw materials. She takes pride in having established a comfortable lifestyle for herself and her family through hard work:

It was hard in the beginning. We had to work sixteen hours a day. We started work at 7:00 in the morning, and couldn't rest until 11:00 at night. Often we had dinner at 1:00 in the morning....Now we have a good income, and best of all we have leisure time. After going through so much hardship in my life, I like to travel a lot. I've been to Australia, the United States, Canada, Korea and Japan.

Laobanniang Two:

Whereas Huang Meihua emphasizes that her family

tannery was built with **her** talent, **her** ambition and **her** capital, it was more common for informants to describe their family tannery as a partnership between husband and wife. It is common, in fact, for the husband to supply technical expertise and the wife to provide business experience and financial acumen. An example is the tannery run by Lin Zhicheng and his wife Xu Liyue in Tainan County. Their small pigskin tannery has provided them a comfortable bourgeois lifestyle, including two Mercedes-Benz automobiles and a large home. They live on factory premises, separate from the tanning facilities, but in the same building as the office. Outside the building is a small traditional garden -- a pond, a large stone symbolizing a mountain, and even an artificial waterfall. The interior is tastefully decorated with Chinese antiques. Over tea, they shared with me the history of their tannery.

Mr. Lin was born in 1953 to a family of fish farmers in rural Tainan County. He has four elder brothers, one younger brother, and three older sisters, all of whom still raise fish for a living. After graduating from high school and completing military service, he went to work in a leather tannery in Kaohsiung, planning to open up a factory of his own when he learned enough about the labour process.

His elder brother introduced him to Xu Liyue while he was still working in Kaohsiung. Her family, in Lukang, ran a food-processing factory, so she learned some business skills from her parents. After graduating from high school, she went to work in the merchandising section of a Christian hospital in Changhua. "That was business," she noted. "The hospital even sent me back to school to study accounting and business administration."

In 1978, they got married. The same year they opened up a tannery with capital given to them by Mr.

Lin's father. I asked them how they divide up their tasks in the tannery. In a family tannery, explained Mr. Lin, they don't use formal titles and they aren't very systematic about job assignments. They share management duties, and both of them do sales. He is in charge of the technical aspects, and sometimes works in the labour process when they are short of workers. She answers the phone, takes care of the company's finances, supervises incoming raw materials, ships the finished leather, and manages labour. "I get up early in the morning," she said, describing her daily routine, "to prepare breakfast, and take the kids to school. From nine to five, I work in the tannery. Then I pick up the kids from school and come home to start making supper."

Laobanniang Three:

The Changrong Tannery in Pingtung County is a large impressive factory. I interviewed the owner's daughter, a recent graduate from a Canadian university, in the reception area on the second floor of the tannery. The office was plushly decorated, with leather furniture, wood walls, and a large open window overlooking the tannery operations. A stereo was set up next to the sofa, along with a large collection of American CDs and an illuminated crystal statue of Guanyin, the Buddhist goddess of mercy.

She told me the history of how her parents set up a joint venture with the woman's father in Pingtung. Her father was from Taichung, and her mother from Pingtung. They both studied chemistry in college, and met while working in the sales division of a Taichung chemical company. After they got married, they decided to start their own company, preferring to work for themselves. One of her mother's friends in Pingtung was interested in buying a leather tannery, and asked them to invest in a partnership. In 1973, they moved back to her

mother's home in Pingtung and entered into a joint venture with that friend. As for their portion of the joint venture, half of the start-up capital came from her mother's father. The other half was a combination of their savings from work and her dowry. At first, they knew nothing about leather, and had to rely on their business partner to learn the technical aspects of the business.

Three years after the firm was established, they discovered that the partner was embezzling profits from the leather he sold. Unable to resolve their financial disagreements about how to remit profits, they split up into two tanneries, with the two families working side-by-side in one factory complex. Eventually, the other tannery sold out to them, moving production to mainland China. Changrong thus evolved from a joint venture into a pure family firm.

Since the family lives in Pingtung with the wife's family, and her father contributed half of the capital, the organization of labour in the firm is based on the wife's natal family. The wife's father is listed as the president of the company, although he does not participate in the daily operation of the tannery. The husband is the general manager. The wife is in charge of quality control and inventory. The wife's younger brother is the production manager. Their daughter works in sales. Two other children, one son and one daughter are attending school in British Columbia, but plan to return to Taiwan upon graduation to work in their family tannery.

These three case histories demonstrate the wide range of roles taken by wives in family factories. In the first case, a man and woman opened up a tannery together, but the woman perceived it as the product exclusively of her ambition, capital, and talent. In the second case, the man provided technical skills and

the woman provided business experience and acumen. They described themselves as equal partners.

In the third case, the family firm was a joint venture between the husband and the wife's father. This tannery followed a matrilocal pattern simply because a business opportunity arose in the wife's hometown. This is a significant change from traditional rural Chinese society, which was both patrilocal and patrilineal. In agricultural communities, women were expected to live with their husband's families, and they often had little contact with their own natal families after marriage. Recent studies by Taiwanese sociologists have demonstrated that industrialization in Taiwan has changed these tendencies, with many women continuing to maintain close emotional and financial ties with their natal families after marriage (Hu 1995, Tsai 1992, Tsui 1987). Gallin and Gallin (1982), Harrell (1982), and Gates (1996) also demonstrate that affinal relations have become important during industrialization, often as a base of business networks. In the leather industry, I sometimes encountered married women working for their father's companies, and occasionally even men working with their fathers-in-law. The previous example demonstrates that Taiwanese family firms do not necessarily follow a patrilineal, patrilocal model. Taiwanese families are flexible, and will even follow a matrilocal pattern if such a strategy appears profitable.

All three of these cases, as well as many others, show that women are not necessarily subordinate to their husbands in family firms. Instead, their role is often crucial, as they provide labour, skills, capital, and business contacts. Their role, in fact, is more complementary than subordinate, as the women themselves are likely to point out in their own personal

narratives. These women invested capital, skills, and hard labour in their family businesses, and reaped the rewards of a higher standard of living. Due to the dualistic ideology of male/public and female/private roles, however, women rarely receive the public recognition they deserve for their contributions to family businesses. It comes as no surprise, therefore, that a new generation of daughters and daughters-in-law is less optimistic about work in family tanneries. Their lack of interest in the industry becomes evident in their career choices and attitudes.

Women's Labour: Daughters and Daughters-in-Law

When Taiwan was still a patrilocal agricultural society, unmarried daughters were expected to work on their parent's farms, then leave and work for their husbands after marriage. Daughters-in-law married into the family and worked for their parents-in-law. Most studies of Chinese economic enterprises assume a similar dynamic. Many contemporary tanners, however, claim that young people don't want to work in tanneries anymore, and they make their family and business plans accordingly. In one tannery, for example, I asked if the children, an eighteen year old daughter and a sixteen year old son, ever help out in the factory.

Mr. Lin: Children no longer work in Taiwanese family factories because they have to use their time to study. Twenty years ago, they worked in the factories, but now they study a lot, and try to go as far as they can in school, the further the better.

Anthropologist: Do they plan to work in the tannery in the future, perhaps in management?

Mr. Lin: No. They'll study whatever they're interested in. Nowadays, most young people don't stay in their family's business. They all want to pursue careers of their own.

Anthropologist: What are they interested in?

Ms. Lin: Playing!

A Traditional Family

The few tanneries that still rely on family labour are rare, and proudly boast that they are more traditional than their competitors in the same industry. One example is Mr. Xing's tannery in rural Kaohsiung County. One of the older tanneries in my study, this firm still maintains the traditions of hiring kin in all of the important management and technical positions. The elder Mr. Xing started tanning during the Japanese occupation, working in a Japanese-run tannery in Tainan. After the Japanese left Taiwan, he set up his own factory with his wife, and slowly expanded it using the labour and skills of his sons and daughters-in-law. The career histories of their children reflect both the traditional expectations held by their parents, as well as individual differences in abilities, expectations, and life circumstances.

Their elder child was a girl. Following traditional expectations, she worked in the tannery until she married out, when she left to live with her husband in a nearby town. The second child was also a girl. Her destiny, however, was not as kind. Her husband died, leaving her alone with two sons. She returned to her parents' home, and now works in the trimming section of the tannery. Her two sons, now grown, work as technicians in the factory. The return of this woman to her parents' home, and the incorporation of her children into her natal family, illustrate clearly the flexibility of Chinese families. Chinese families do not follow a rigid cultural script but adapt to the life circumstances of the individuals involved. Nonetheless, the contributions of daughters are often less valued than those of sons, as demonstrated by the career histories of her younger brothers.

The third child, the eldest son, is now the president of the tannery. He is married, and his sons work in the lower ranks of management in the firm. His wife works in the trimming section. The fourth child, a son, works as a chemical technician in the tannery, and his wife works in trimming and finishing. He has one son, a technician in the tannery, and three daughters, none of whom work in tanning. Nonetheless, they do help out in their own ways, said their father with pride. His second daughter works in a bank and is in charge of foreign exchange. She helps the tannery do the foreign currency transactions needed in such a global industry.

The fifth child was also a son. He works in the tannery, sorting the finished leather by quality. His wife works in trimming and finishing. He has two daughters and two sons, one of whom is already old enough to work in the tannery as a technician. The sixth child, a son, is the only one of his generation to attend school beyond primary school. He studied shipbuilding at Haiyang University in Keelung and is now in management in a shipbuilding company. Their seventh and last child was a daughter who married out and now lives with her husband in a nearby town. Their genealogy clearly shows the gender expectations they had of their children. Daughters married out, and worked with their husbands, no longer considered part of the family. The only daughter who worked in the family was a widow who returned to her natal family after her husband's death.

A New Generation of Women: Opting Out or Giving In

Tanning families such as this are rare in contemporary Taiwan, however. Nowadays, young women seem to have very little interest in the industry at all. Of the fifty-eight firms from which I was able to get relatively detailed hiring information, forty-three (74%) hired relatives in management, primarily sons.

Daughters and daughters-in-law, however, were less likely to work in the family tanneries. I found only six firms (10%) with unmarried daughters, seven firms with married daughters (12%), and fourteen firms (24%) with daughters-in-law on staff. Usually, these young women were hired as accountants. In those fifty-eight firms, I found forty-five sons working for their fathers, compared to fifteen daughters working for their fathers and eighteen women working for their fathers-in-law. It is a rational strategy for men to work in their father's firms, as they are well positioned to eventually take over the firm. Daughters, on the other hand, play a more marginal role in the firms and are unlikely to ever take control of the tanneries, especially if they have to compete with brothers for key positions. Daughters-in-law can aspire to take the more powerful position of *laobanniang* when the father retires and hands over control to the son. Even then, however, tanning is seen as a sunset industry in Taiwan, and most young women are aware that their tanneries might not last long enough to give them positions of power and wealth. It is not surprising, therefore, that many young women choose not to work for family tanneries, and elect to find their own jobs elsewhere instead.

As for those who do work in family firms, the traditional patriarchal, patrilocal and patrilineal expectations still shape their family histories. Seven firms in my study hired their own married daughters. This fact demonstrates that daughters do not necessarily leave their father's firms after marriage. They may stay under limited conditions: if their natal family needs them, if they live close to home, and if their husbands' families do not make claims on their labour. Firms are more likely to hire daughters-in-law than they are to retain their own married daughters on staff. I found eighteen daughters-in-law working for fourteen

firms, compared to the eight married daughters working for seven firms. This difference seems to reveal a slight preference for maintaining traditional patrilocal practices in the hiring of female kin.

The younger generation, much better educated than their parents, takes a cynical view of these gender expectations. One 28 year old unmarried woman, a graduate of the University of California, works at her father's tannery in rural Kaohsiung County. Because of her English skills, she does most of the import and export transactions for the tannery. She also works in packaging, deals with the bank, sells the baseball gloves they produce, and even works on the production line if needed to fill in for an absent worker. Her mother is the company's financial officer, in charge of all of the company's financial decisions. I remarked that she and her mother are both very strong women (*nugiangren*) and make important contributions to their family tanneries. "In Taiwan," she said cynically, "there is no such thing as a strong woman. Even if they work hard, their contributions are unrecognized."

As I took down her family genealogy, she explained to me the gender expectations that women face as they grow up. "Once daughters marry out," she said, "they don't work for their parents anymore. They work for their own families." Her own attitude toward these expectations is cynical, yet resigned. I asked if she plans to work in her father's tannery after marriage. She said it all depends on her husband's job. If he owns a company, she will work for him. If he doesn't have his own company, she will choose her job depending on where they live, working in the tannery only if they live nearby and her husband gives her permission to work there. "It all depends on my own family," she said. "If there are disagreements, I will side with my husband."

She knows for sure, however, that she prefers to have her own career. In the old days, she said, men preferred for their wives to stay at home but now many women pursue their own careers. She said it's better for women to work outside the family. Otherwise, they spend all of their time at home, and are unaware of what happens in the outside world. "Their husbands have affairs and they don't even know about it," she said. "I have no faith in family. I don't believe in men at all."

The expectations that women will marry out of the family and leave the family firm, and that the marriage of sons will bring in the labour of daughters-in-law, create problems for families in the rare cases where there are no sons. Cultivating a son-in-law to take over the company is one option, but this can potentially create problems if his family tries to gain too much power in the firm. Families can avoid that problem if they find a son-in-law whose family lives far away and thus has no sway in the local community. In one such family, a tanner had three daughters and no sons. The father sent all three of his daughters to Montreal to attend college. His second daughter met a third-generation Canadian-Chinese student and married him. After graduation, he was unable to find a job in Canada and thus returned to Taiwan with his wife. He is now studying Chinese, learning about the tanning business, and is positioned to eventually take over the tannery.

Female Bosses: Two Female Tanners

Another option for tanners with no sons is to transfer ownership of the firm to their daughters. I found two cases of tanneries owned and operated by women, one of them inherited from the woman's father.

A Female Tanner: the Family Legacy Continues

Amidst the rice fields of Tainan County sits an unimposing small tannery run by four sisters and their

mother. On a cool February afternoon, I arrived at the tannery on motorcycle with my research assistant. There was no gatekeeper, so I cautiously entered the factory and asked the first worker I saw if the *laoban* was in. He indicated that we should talk to Ms. Zhou, a young mannish woman with glasses and closely cropped hair. I told her that I was doing a historical study of Taiwanese family tanneries and would like to interview the *laobanniang*. "There is no *laobanniang* here," she said matter-of-factly, "but you can interview me. My father started the tannery."

She escorted us into her spartan office for the interview, where she served us root beer and hard candy left over from the Chinese New Year, which had been celebrated the week prior to our interview. As I took down her family genealogy, I discovered that she herself was the *laoban*. The tannery, now in its second generation, had passed into her hands because her father died without a male heir.

Her family has a long history of tanning and proved to have one of the more complex genealogies I studied, as nearly everyone in her extended family does leather tanning. Her grandfather began tanning during the Japanese period, and continued to work as a leather splitter at a large tannery in Tainan City after the Japanese left in 1945. He died in 1953. His two sons, splitters in the same tannery, both left that tannery in the 1970s to establish their own tanneries with their wives. His daughter married an apprentice splitter from the elder brother's tannery, and they set up a tannery together.

The elder son died in 1994, passing the tannery down to his wife and four unmarried daughters. The elder daughter had completed high school, as well as three years of training at a prestigious management school in Taipei. Now 34 years old, she has taken over

the position of president. She says she is capable of running a tannery, not only because of her formal education, but also because she has been observing her father run the company ever since she was a small child. Nonetheless, she is modest about her achievements. She said, "I had to take over from my father. But I just do the work that I have to do, and then after work my time is my own."

I remarked that I had met very few female bosses. She said:

That's because there are so few. A lot of women own their own companies, but very few run factories. It's difficult for a woman to do business, because business is often a male affair, and men like to drink when they talk business.⁹ It's hard for women to enter into such circles, since it's hard for them to get along with men. But I still do well, because I produce high quality goods, and I can rely on my father's old customer base.

Noting her age, I asked if she plans to marry in the near future.

Ms. Zhou: If I find a partner, I'll get married. If I don't find a partner, I just won't get married. But if I get married, I'll have even more problems in my life than I do now.

Anthropologist: Because you'll have to take care of children as well as run a factory?

Ms. Zhou: Worse than that. I would have to deal with his family! They would meddle with the tannery affairs.

Ms. Zhou's history illustrates two important things about the Taiwanese economy. First, it demonstrates that property inheritance is flexible and can go down the female line if no male heirs are available. Secondly, however, it shows that such ownership is not fully recognized by all of the members of the community.

⁹ She and several other women said they prefer not to drink with men because they are afraid of sexual vulnerability.

Ms. Zhou's own fears that any prospective in-laws would interfere in business reveal the problems that women face when they inherit property and want to maintain full control of it. She will probably choose lifetime celibacy in order to keep her tannery safe from the ambitions of outsiders.

A Female Tanner: Hard Work and Capital

Another female tanner, however, has no such fears. Hard work and capital have secured her place in the industry. Greenhalgh (1994: 756) argues that acquired property bears more prestige and power than inherited property. Acquired property is viewed as belonging to the person who earned it, whereas inherited property is seen as belonging to the male lineage. This difference may explain the different perceptions of these two women towards their industrial property.

Ms. Cai of Yunlin County is the only woman I encountered who built up a tannery with her own capital and talents, and who claims the ownership of the firm for herself. An extraordinarily busy woman of nearly sixty, she refused to be interviewed for my study, but permitted me to interview her daughter-in-law, an accountant in the company, while she herself conducted business negotiations with clients in the same room.

Ms. Cai was born in rural Changhua County in 1938. She received only a primary school education, and married at the age of twenty. She started out in business by renting a store front and opening up a music store. In the 1980s, she started investing in industrial land, and made a lot of money from the boom in land prices during that period. She closed down her music store and, using her profits from land speculation, bought into a glove factory with a male partner. She started recycling the scraps of leather from the glove factory, and then decided to specialize in the recuperation of leather scraps. With the right

equipment and finishing, one can shred leather scraps and mold them into sheets of recycled leather, which look like regular leather on the surface and can be used in such products as furniture upholstery. Her partner sold out his share in the company, went into leather trading, and eventually raised the money to set up his own tannery.

Like many Taiwanese companies, Ms. Cai's tannery list seven stockholders, which allow them to register as limited partnerships, a status which has certain tax advantages and limits their personal liability in the event of bankruptcy. They list the owners as Ms. Cai, her two sisters, a daughter-in-law, her husband, brother-in-law and nephew. Each stockholder is in charge of a different aspect of the business, she said, which reduces conflicts. Ms. Cai's husband plays no role in management, as his job is merely to maintain the firm's electronic equipment. I asked why the wife is the president of the company rather than her husband.

"Of course she's the president," she replied impatiently. "She started the factory with her own capital, so the company belongs to her!"

The strong role played by women in tanneries is not necessarily a recent phenomenon. The owners of one tannery in Chiayi attribute the origin of their tannery exclusively to the work of their mother Yan Cuihua. When I questioned them about the history of their factory, they proudly showed me pictures of their mother and a copy of her identity card. She was born in Chiayi in 1934. Her father was one of the first tanners in the area, having entered the craft during the Japanese occupation of Taiwan, and she learned tanning from her father. In the 1950s, she married a military policeman from Shandong Province, who had come to Taiwan in 1949 with the Guomindang. Using her own skills and capital, she opened up her own tannery in 1958. Her three sons

still do not refer to the firm as merely a family factory, but rather as a company started by their mother. Strong women such as Yan Cuihua may have been rare, but her story, as well as that of Ms. Cai, demonstrates that industrialization in Taiwan has offered opportunities to skilled and intelligent women from the very beginning. In the next section, I look beyond the leather industry to discuss the history of several women who have established firms on their own, usually without any male involvement at all.

On Their Own: Autonomous Female Entrepreneurs

Finding autonomous female entrepreneurs to study is much more difficult than locating leather tanneries. Since they have no union or an equivalent of the Tannery Association, there is no directory of their names and addresses, and no way to know precisely how many of them there are. I thus had to use snowball sampling methods, starting out with friends of friends, and then asking informants if they could introduce me to others. Since I was doing these interviews in addition to my work on tanneries, I was unable to dedicate myself full time to this part of the study. Although the sample is limited, the histories that I gathered do shed some light on the role of women in the contemporary Taiwanese economy. More research, however, still needs to be done in this area.

The ten independent female entrepreneurs discussed here run the two tanneries described above, one small food stand, a construction company, three bars, one coffee shop, and one poster store. Their career histories exhibit great variety and show the many opportunities that strong and ambitious women can find in the Taiwanese economy.

Angela's Café

Angela's Café, a *gemütlich* little café near Anping Industrial Park in Tainan, is run by an energetic young

woman who prefers to use the English name of Angela. As I drank coffee with a friend, she shared her history with us, answering questions between washing dishes, serving customers and answering the phone. Angela was born in 1967 and raised in coastal Kaohsiung County. Her father was a fish peddler, buying fish from the fishers at the coast, then transporting them inland to sell to fish markets. Angela emphasized that her family provided her with a strong business background, as many members of her extended family were entrepreneurs. Most influential on her upbringing, she said, was her father's sister, who ran two hamburger stands. She learned her business skills from that enterprising aunt.

After graduating from high school, where she learned accounting, Angela went to work in the packaging department at Qimei, one of the world's largest privately owned petrochemical companies. After two years at Qimei, she quit her job out of boredom. "My family opposed that decision," she said. "They said that Qimei offers some of the best benefits in Taiwan and I shouldn't give up such a good job. But I couldn't do that job forever, because it's so boring."

After leaving Qimei, she took a variety of jobs, first as an accountant in a clothing wholesale firm, then as a waitress in a restaurant, and even spent a year selling Amway products. Then, she took a job in a coffee shop for three years: "I didn't know I would someday open my own coffee shop, but I liked the job a lot and wanted to learn as much as possible, so I learned how to do it. My wages were not high, but I was happy. I got to meet a lot of friends."

After working in the coffee shop, she went into real estate sales for three years. Finding that job too stressful, she decided to return to the coffee business by opening up her own café on the first floor of the apartment complex where she lives. She argues

that women are good at running coffee shops:

Women are better than men at managing coffee shops. Women are more appropriate for this job because they are kind and gentle. The atmosphere is more relaxed. People like to go to a woman's shop, see a familiar face, and talk to them. Women have better social skills and deal better with customers. And they are more romantic, so they can create a more comfortable, warm space for people to come, make friends and relax.

Angela said that women face two main problems when going into business. The first is capital. She raised a start-up capital of NT\$1,000,000 from six people, who each purchased equal shares in her coffee shop. The shareholders are herself, her father, her mother, her younger brother, her aunt, and one friend. Each shareholder earns an equal share of the profits. Angela draws an equal profit, but also draws a salary, as she is the only shareholder who actually works in the shop. The second problem, which she says is even more important, is moral support from the woman's natal family. Her family members all support her. Her boyfriend, a mechanic, also gives her a lot of moral support. He still doesn't want to get married, yet she seems nonchalant. "If I don't find a good husband," she says, "I'll still have my coffee shop."

Angela says a lot of women prefer to avoid the stress of entrepreneurship, but she likes it because it gives her free space of her own. As she stated:

Lots of women are unhappy because they don't have their own lives. They have a nice car and a nice house, but they don't have their own lives. I'm glad I'm not like that. I think that one should let oneself be free a little. My heart is very free, even if my time is not free.

A Tainan Poster Shop

Yet not all women receive the support of their natal families when they go into business on their own. Qi Yonghong opened her poster shop in Tainan in secret

and faced strong opposition from her parents. An unmarried woman of 27, Yonghong was raised in a middle class family in Tainan. Her father is a medical doctor, and her mother is a housewife. After high school, she attended two years of technical school, where she studied chemistry and physics. During high school and college, she worked part time at McDonald's. Although her wages were low, she could save most of them since she still lived at home and had to cover very few expenses herself. At the age of 20, she went to work in a newspaper office as a journalistic assistant for one year. Then she went into public relations, arranging for singers to have interviews on local radio programs.

Still, she wanted to go into business for herself. She started out with only NT\$300,000, by renting a small store front near Chenggong University and selling t-shirts and other clothes to a student clientele. She started to buy movie posters and similar items from Taipei, and sold them along with the clothes. When she discovered that the posters were selling better than the clothes, she decided to specialize in posters. She now sells only movie posters, other movie promotion items, and Coca-Cola paraphernalia. She sells primarily to retail customers, but also does good business with local pubs, who like to decorate their establishments with movie posters and other items of American pop culture.

The initial capital came entirely from her own savings, with no help from her relatives. "My personality won't let me take money from my family," she said. Her family, in fact, still opposes her decision to go into business:

Chi Yonghong: My parents don't support me at all. I had to open the store secretly, without telling them about it. They oppose women working outside. They think that women should marry and work with their husbands. So they scold me for my decision saying "Why do you want to be stronger than a man?" I think that

men and women should be equal, but my parents think that men are Heaven. My mother is the most strict. They want me to marry, since they think that only my marriage will give them face.

Anthropologist: Do you plan to marry?

Chi Yonghong: I have a very serious case of marriage phobia. I think marriage is very miserable. I'll play around for a few more years, and then see what happens. A lot of young women think that way now. They don't want to marry, they want their freedom and don't want to be limited.

With the exception of one tannery owner, all of the independent female entrepreneurs I interviewed made an explicit contrast between entrepreneurship and family life. They emphasized the freedom that entrepreneurship gives them, and took a skeptical attitude towards marriage. Six of the women I interviewed, in fact, went into business with the stated purpose of avoiding marriage and supporting lesbian lifestyles. Lesbianism is perhaps the most radical departure in Taiwan from the traditional patriarchal norms of Chinese society. Their lives have received little attention from western scholars, but recently an anthropological study of the Taiwanese lesbian community has been published in Taiwan (Zheng 1997).

The construction of lesbian identity in Taiwan merits further research but lies outside the scope of this study. Two concepts, however, require explanation, as they influence the lives of lesbian entrepreneurs. In Taiwanese lesbian circles, women make a clear distinction between "t" and "po"¹⁰ lesbians,

¹⁰ 婆

categories which function almost as separate genders.¹¹ This distinction is discussed at length in Zheng's ethnography (1997), and is often affirmed by lesbian women as integral to their personal identities. "T" is an abbreviated version of the English word "tomboy," a term which refers to masculine lesbians. They refuse to conform to gender expectations for women in Taiwanese society. They usually crop their hair short, dress in blue jeans or shirt and tie, and smoke profusely. They often discuss their mannish appearance as a way of affirming their sexual identities, and I draw attention to that in the descriptions of "t" lesbians below.

Po, which means "woman," refers to feminine lesbians. They dress and behave according to the widely-accepted gender expectations for women, and thus are not visibly distinguishable from heterosexual women. Usually lesbian couples are composed of one woman who identifies herself as a "t" and one woman who considers herself to be a "po." One lesbian entrepreneur said that business is a viable strategy for lesbians, especially "t" lesbians. "T" lesbians often have trouble finding work, because they don't fit into the workplace behavior expected of women, such as wearing a skirt to work. With their short hair and masculine dress, they have little chance of fitting into a corporate setting. Many of them, therefore, take working class jobs or go into business for themselves. As part of a study on women and entrepreneurship, I focus here on how lesbians use their private businesses in order to obtain economic, emotional and sexual autonomy from men. Entrepreneurship is especially

¹¹ There is an analogy to "butch" and "femme" in some varieties of American lesbianism. This has been criticized by some American lesbians as "aping heterosexuals." Some Western-educated Taiwanese lesbians make a similar criticism, and refer to themselves as "bufen" (不分) or "don't make a distinction" lesbians.

important for "t" lesbians.

Following her own Path: a Lesbian Entrepreneur

A friend of mine introduced me to two of her lesbian friends over tea in a Kaohsiung café. She described them as "Olay," an affectionate term used by lesbians to describe older members of their community. It refers to the English initials "O.L." for "Older Lesbian," but also recalls the name of the popular facial cream Oil of Olay. One of the women, 40 year old Xu Meichun, runs a noodle stand in Kaohsiung. She was the fourth of six children in a farming family. She had one elder brother, and four sisters. She only attended one year of high school before dropping out. She married and had three children. Her only son is in college, her elder daughter is in high school and her younger daughter is in elementary school. The other woman is Wu Tianping, a 35 year old woman who owns a company specializing in fireproofing small businesses and homes. She also comes from a modest family background, the daughter of a soldier. She was the sixth of seven children and, like Meichun, only completed one year of high school. She never married.

I explained that I was doing a study of women entrepreneurs, and was hoping to learn from them about the problems faced by independent women in the Taiwanese economy. Meichun's history is revealing because her own career strategy changed from that of the married *laobanniang* to that of the independent lesbian entrepreneur. She says she has known since middle school that she is attracted to women. At that time, she was very close to another female student, and they became lovers. Discovering the relationship, her parents found a man and forced her to marry him, although she had only seen him once in her life before the wedding. Back then, however, there was little information available about homosexuality. In recent

years, homosexuality has been hotly discussed in the Taiwanese press and consciousness raising and political pressure groups have been established in cities and towns all over the island.¹² She began to participate in those groups and to study homosexuality. With such new information, she realized last year that she can't handle married life anymore, and decided to divorce her husband. She said:

It's not easy to suddenly follow your own path when you're already middle-aged. I have to think about all of the people in my life, my family, my friends. I have no personal space in Kaohsiung, and one really needs a place to develop one's own personal space.¹³ The best thing to do is to move to a new city, like Taipei, when one is still young. It's easier to be gay in Taipei, in a new place with all new friends.

"It's not so difficult," said Tianping in disagreement. "Actually we are all very free. You shouldn't think so much."

"Of course you're free," replied Meichun. "Your father is dead, and you have three elder brothers who take care of your mother. I'm different. I have children, so I'm tired. It's not physical fatigue, but my heart is tired."

Meichun relies on her business for her emotional as well as financial needs. She had been thinking about opening up her own business for several years, but was only able to carry out her plans after her divorce. She and her husband share custody of the children, although legally they belong to him. Earning money is her priority right now. "What can you do after fifty?" she asked. "Life is only comfortable after fifty if you have money in your pocket."

¹²The first lesbian group, called "Between Us" (*women zhi jian*, 我們之間) was established in 1990. This is a pun on "between women." Thanks to Stevan Harrell for pointing out the pun.

¹³*ziji de kongjian*, 自己的空間

She said that access to property is one of the most difficult problems that women face in Taiwan. Although men and women have equal inheritance rights legally, most families still follow the traditional pattern of men inheriting property, and women getting a dowry when they marry. As a result, women have to depend on their husbands. She stressed, however, "if you rely on a husband, you can't follow your own path."

Before her divorce, Meichun worked in her husband's company, a small factory that manufactured electronic parts. She said she worked hard, but never got any wages. If she had worked as an accountant in another factory, she said, she would have received a salary. And if her husband had needed to hire an accountant on the labour market, he would have paid her a salary.

"But in Taiwan," she said:

a woman will work for free in her husband's company and in the end the money is all his. The bank account, the house, everything, is in his name. You can use them, but you have no way to really own them yourself.

When she divorced, she got only the car. She was unaware of any law regulating the division of property at divorce, saying that:

in Taiwan, it's all regulated by the people involved....I claimed nothing at my divorce. The most important thing was my independence. The best thing to do is never to marry at all. When I set off to follow my own path, I didn't get support from anyone.

Meichun takes a bitter pleasure at recounting her husband's business failure after the divorce. She claims that only her business skills made the company profitable in the first place:

I always told him what to do. When he didn't listen to me, he lost money. When he listened to me, he earned money. Now that I'm gone, he's gone bankrupt. He really needed me for the business to succeed.

Her own business, a food stand, is prospering. Meichun got her initial start-up capital from a rotating credit society, to which she, her parents, relatives, and a group of close friends have all contributed. She hired some women to work for her, but she rarely goes to the shop herself, except occasionally to manage finances and pay her workers. Her business thus gives her ample free time to participate in lesbian organizations and socialize with other women.

Meichun's history reveals many of the problems faced by women in Taiwanese society. Ever since middle school, when her parents discovered her romantic attachment to another female student, she has been denied the right to determine her own sexuality. First her parents, and then her husband, controlled her sexual life. Economically, she was first dependent on her parents, and then ended up working for free in her husband's firm. Unlike many of the successful *laobanniangs* I interviewed in the leather industry, however, she was not suitable for married life and sought divorce. Her problems at divorce, which left her with only a car, reveal an important fact about women's life in Taiwan and elsewhere. Even in places with laws that protect women at divorce, those laws are only useful if women are aware of them, and command the financial and emotional resources to enforce those laws. Since few women in Taiwan are knowledgeable about divorce laws or command the resources to enforce them, women such as Xu Meichun can find themselves living in poverty after a divorce. She gained her independence by divorcing her husband and starting her own business, but the price she paid was high.

Women's Space: A Lesbian Bar

With an expanding economy and more disposable income, women are creating more space for themselves. One of the more recent manifestations of this change has

been the establishment of lesbian bars in Taiwan's major cities. One Saturday night in April, a group of women invited me to go with them to Women's Space, a lesbian bar in Kaohsiung. The bar was dimly-lit, with art deco lamps hanging from the walls and supporting pillars. Old movie pictures of such American stars as Rita Hayworth and Katherine Hepburn hung on the walls. In the front was a stage set up for karaoke, and a small dance floor. Tonight was unique, however, as women came from all over southern Taiwan to drink, socialize, and watch a special performance.

The bar was crowded with people, mostly women but a few men. The cigarette smoke was so thick it irritated my eyes. One of my lesbian friends said that lesbians smoke even more than men, and I could certainly believe it that night. The room was long and narrow, so only those fortunate enough to be seated at the tables up front could see the performance clearly. Having arrived late, we were seated in the back of the bar in a semi-enclosed karaoke room. The waitress, a mannish young woman with glasses and short-cropped hair, seated us and took our orders. She distributed empty red envelopes to the women, instructing them to put money in the envelopes and give them to their favorite performers.

The performance began at midnight. It started out with a transvestite show, men dressed in extravagant female dress and lip-syncing to Mandarin pop music and American songs such as Whitney Houston's "I Will Always Love You." When women liked the performance, they rushed out and tucked a red envelope into the performer's clothes. But the most popular part of the performance was yet to come. A woman in a black dress came out on the stage. Like the female impersonators who had preceded her, she lip-synced a Madonna tune and danced. The next woman did her performance in yet a sexier dress. The first one returned to the stage and

sang a song wearing revealing lingerie. She was followed by a woman wearing even less. These performances were very popular with the women, some of whom rushed out and tucked red envelopes into the performers' bras or panties. At around 2:00, the crowd up front screamed in excitement, as the women emerged on stage almost completely naked for the final performance. One woman wore only a string of feathers around her neck. A second woman started out in see-through lingerie which she quickly discarded as she danced her way naked from the front to the back of the bar. This time, the fans put the red envelopes in their mouths and offered them to the performers, who accepted the envelopes in their mouths and collected them in their hands. When the show was over, the crowd began to thin, and we went home. I returned on two subsequent evenings, however, to interview the owners.

Women's Space was opened in March 1997 by three women. One of the owners, Wu Junmei, is a typical "t" lesbian. When I first saw her, with her crew cut, blue jeans and a tight-fitting blue t-shirt revealing broad shoulders and muscular biceps, I thought she was one of the bar's male employees. Only her voice reveals that she is a woman. I invited her to sit with me and a friend who had accompanied me to the bar. Over vodka tonics and snacks of tofu and seaweed, she shared with us the story of her life and how she became an entrepreneur.

Junmei said that she has been aware of her sexuality since she was a young girl, knowing that she was attracted to other girls, and always really masculine. "I have never worn a skirt," she boasted. "Even in primary school, I always wore shorts or athletic clothes to school instead of a skirt." Due to her working class job history, she has a muscular build, and she straps down her breasts to complete the

masculine look. She asserted that she has never worn cosmetics, and boasted that she now looks so masculine no one ever even suspects that she is a woman. She even uses the man's toilet in public places, to avoid the ire of women who think she has walked into the wrong restroom.

She was born in Tainan in 1966 as the eldest child of a working class family. Her father was a truck driver and her mother ran a small food stall in Tainan. She has three younger brothers. She said her family was very poor, so they have always had to work hard to support themselves, each of them needing to rely on themselves. As a result, she said, she has always been very free at home, and could even take her girlfriends home. She said her family has never discouraged her from pursuing women, but still don't fully accept her lesbian lifestyle. Since her mother's younger sister is a po, and has lived with a "t" for the past 20 years, her parents are more aware and understanding of homosexuality than most people.

Since her mother ran a food stand, she learned business skills from her mother. She said her mother was very capable, and ran all of the family's household affairs. As a truck driver, her father was rarely at home, his duty being primarily to earn the family's money. At the age of 18, Junmei left home and has been living on her own since then. She said she has done a variety of jobs, including stints as a truck driver, a construction worker, a carpenter, a DJ in a karaoke bar, and production workers in motorcycle and battery factories. In all of her jobs, her bosses and colleagues have been able to detect that she is a lesbian, yet she has never faced overt discrimination in the workplace. She said that men have it easier than women in this society, however. They make more money than women in the first place, and they can pass even if

they are gay. But it's hard for a masculine "t" to get a job, since women are often chosen for jobs based on the whim of male bosses who often select the prettiest women for jobs. But she insists that she can do any job that a man can do.

She said that as a youth, she spent money as fast as she earned it, since she "loved to play." But, after entering into a serious relationship with another lesbian entrepreneur four years ago, she has learned the value of frugality and investment. Her lover lives in Taichung, but does business in clothing wholesaling that brings her to Kaohsiung every week. She said her lover invests in a lot of enterprises as a non-working shareholder, and she has learned a lot from her. It was partly due to her influence that she began saving up her own wages, and opened Women's Space with two friends. She opened up this bar in March. "Following this path is really very difficult. If you have a problem, you have to rely on yourself. No one will help you."

For lesbians, however, she feels that entrepreneurship is the best career. First of all, she stressed, it's important for lesbians to have a good income, so that they can secure themselves in old age without a husband and children to take care of them. Furthermore, she argued:

Money is everything in modern society. If you have money, nobody cares if you are gay or not. If you have money, people will respect you. If you don't have money, nobody will respect you.

Money and the respect it brings are the greatest benefits she gains from running her own business.

Conclusions

In this study, I have chosen to focus explicitly on the role of women in enterprises. In order to better understand the role of women in Taiwanese enterprises, I went beyond the original bounds of my study and

interviewed women in situations ranging from those happy to work in their husband's tanneries to others who go into business precisely to avoid men and the entire patriarchal family system. In my study of family-run tanneries, I found that women play crucial roles in their family firms. Like Gates (1996), I found that capitalist enterprises do give women wealth, social power and prestige. As *laobanniang*, they make important contributions in labour, skills, business acumen, and even capital. They assert their own power and contributions in their personal life narratives, often taking credit entirely for the success of their firms. Their contributions are recognized by both male and female relatives as they age, and they reap the rewards of their labour through a better standard of living. Their roles can be seen, not as subordinate, but as complementary to those of men. Usually this complementary relationship gives men the outside duties related to the firms and women the inside duties. When their marriages are successful, they perceive their work in family firms as rational and profitable individual strategies. One woman of my age, for example, perceived her career as a *laobanniang* as far more rational than my choice to pursue a Ph.D. in anthropology. She lectured me:

I don't understand why you want to get a Ph.D. Look at me. I'm the same age as you. I only graduated from high school, but I have a factory, a nice house, a family, and a BMW. You go to school, and you learn a lot, but you don't have any of those things. Some people it's worth going to school for so long after you graduate. But will you be earning more money than me five years from now? I don't think so.

Women's access to property, however, is tenuous and remains largely dependent on their relations with men. Daughters have a *de jure* claim to an equal inheritance with their brothers. In practice, however, men usually

inherit while women receive dowries. This practice is justified by claiming that the dowry is the equivalent of a pre-mortem inheritance, even if the actual value of the transaction involved is often much less. Most importantly, however, daughters are often thereby kept out of key positions in the firms of their natal families. They are expected to work instead for their husbands. As *laobanniang*, they do gain access to property and power within their companies, but those benefits are dependent on maintaining a good marital relation. According to Taiwanese law, women are to be given half of the couple's acquired property in the event of a divorce. In practice, however, few women possess the knowledge and means to enforce such laws, and divorced women often end up with very little property. Feminists are thus justified in their cynical critiques of family firms.

In contemporary Taiwan, daughters and daughters-in-law are less likely than before to work in their family firms, and the elder generation complains that young people no longer want to work in leather. Many young women are skeptical about the marginal role they can play in family firms, preferring instead to strike out on their own and pursue their own careers. I think this is due to a number of factors. First, tanneries are wealthier than before and can better afford to hire professional management and labour. Secondly, there are more opportunities available to women on the labour market than before, so they have a wider variety of options. Thirdly, the leather industry is in a state of decline. As a sunset industry, the younger generation has far less to gain from leather tanning than did their parents, especially as the gains in power and wealth made by women are achieved over long periods of time as they move up from the position of daughter-in-law to that of *laobanniang*. It is thus as rational for young

women to opt out of the industry as it was for their mothers to jump in wholeheartedly in building up family firms with their husbands.

In the contemporary Taiwanese economy, free markets and an expanding economy have made it possible for women to strike out on their own. Some inherit their family businesses, and others build up firms of their own. They all stress the freedom and autonomy they gain from doing business on their own, but their experiences also show that women in business face a great number of problems. Primary among these problems are:

1. *Personal Safety*: When women do business on their own, they have to go outside the firm and have frequent contact with men. Some of the women I interviewed felt as if there was no danger at all to their personal safety, but others emphasized the risk involved in contact with men, especially if alcohol is involved. As one woman reported:

You have to pay attention to safety. When you do business with men, you never know what they are really thinking, if they are only thinking of business, or if they have other motives. It's thus far more difficult for women to do business than it is for men. The main problem is alcohol. If you don't drink, how can you do business? But if you can't handle your booze, problems can arise. I don't drink alcohol, so I just depend on my luck. Women can't be like men. We just have to rely on good luck.

2. *Capital*: Although women can inherit property and even control of firms from their fathers, such instances are rare. According to law, sons and daughters both have an equal claim on family inheritances. In practice, however, most families leave inheritances to their sons and provide dowries for their daughters, effectively cutting women out of their fathers' businesses. Those who want to do business usually have to leave their families and strike out on their own. Their firms are thus small businesses, with

small capital requirements. Unless they have substantial property which they can serve as collateral, they are unlikely to get bank loans for such enterprises. Instead, they must rely on their own savings, gather capital from relatives and friends, and/or use informal means of credit such as found in revolving credit societies.

3. *Moral support:* Some women report that family support is important to them. Most cannot rely on support from husbands, however, causing independent female entrepreneurs to delay or reject marriage. There is strong social pressure on women to give up their own pursuits and pursue the goals of their husbands. It seems as if, in spite of expanding economic opportunities and the skill of some autonomous women to seize those opportunities on their own, marriage and independent business are still difficult to combine in contemporary Taiwan. Some women reject marriage altogether, preferring to channel their energies into their own businesses, and a capitalist economy has provided opportunities for such women. The market economy can support even those women who give up men entirely and pursue a lesbian lifestyle.

As in North America, women and men are not equal in Taiwanese society. There is a growing feminist movement in Taiwan. The women in this movement make a range of important demands in the political arena, ranging from better child care to stricter punishment of sexual harassment on the workplace. The problems addressed by the women in this study still need to be resolved. Free legal aid to women may help them enforce their legal rights in matters of inheritance and divorce. Credit societies could help women get access to capital to start their own businesses. Taiwanese feminists have already begun work on such projects and, with the end of martial law, a feminist movement is growing at the

grassroots. As Sun Yatsen once said, "The revolution has not yet been accomplished, so comrades must continue to work hard."¹⁴

Overall, however, the lives of Chinese women on Taiwan have changed dramatically from the days when they were peasant women who moved from working on their fathers' farms to working for those of their husbands' families. As *laobanniang*, they can gain power in an industrial setting. Alternatively, they can run businesses of their own, and some have done so to gain freedom from patriarchal marriage patterns. The expansion of the economy under a capitalist regime has thus increased economic opportunities for women, both inside and outside of the family context. The free market is perhaps the most liberating force women have in present-day Taiwan.

¹⁴ 革命尚未成功，同志仍須努力。

Chapter Eight: Nation and Industry

In Europe, the development of a free market and industrialization began in England and found its theoretical apotheosis in the writings of Adam Smith. As the capitalist mode of production spread to the continent, however, it was challenged by those who found its assumptions to be foreign, especially the German thinkers Karl Marx and Friedrich List. Whereas Smith focused on the economy as relations between contract-making individuals, Marx drew attention to class. List took a different approach, developing a theory of the nation and its impact on economic development. List, although little known in the English-speaking world, has influenced public policy in Germany, Korea and Japan, as well as other countries (Szporluk 1988: 203). The questions and issues raised by List are particularly relevant to the Taiwanese experience. How has the ruling Guomindang (Nationalist Party) constructed a nation on Taiwan? How do Taiwanese leather tanners perceive and define their nation? How do their investment strategies articulate with and/or conflict with this national construction? What challenges does the nation face on Taiwan in the near future? As List's theory is useful in explaining Taiwan's national question, yet little known in anthropology, I begin this chapter with a summary discussion of the key points in his theory.

Born in Germany in 1789, Friedrich List was a professional statesman and proponent of the rising bourgeois class against the entrenched interests of the feudal aristocracy. In 1822, he was arrested for agitation against the state, imprisoned for two years, and then exiled to the United States. In 1832, he was finally allowed to return to Germany, where he wrote his life work, *Das nationale System der Politischen Ökonomie* (*The National System of Political Economy*), on the basis

of his observations in the States. List was especially impressed by the ability of the American states to unify as one nation and to rapidly develop an industrial economy through pro-active state policies such as national railroad construction. He thus advocated the unification of the German states into one unified nation. The success of German unification and state-led industrialization gave credence to his theory, and is one of the reasons why his work was well received by other late industrializing nations, such as Japan.

List drew attention to many of the theoretical failings of Smithian economic thought, especially in regard to newly industrializing countries such as Germany. He thought that Smith's main error was too great of an emphasis on the individual, and dismissed the individualistic exchange theory of labour as a "merchant's theory" (List 1904 [1841]: 457). Perhaps his greatest contribution to development theory is his concept of production. Emphasizing that production is a collective effort, he argued that industrial production requires more than individuals seeking their own profit. It requires the collective will of a population which can cooperate in large-scale common production:

The essential character of the natural law from which the [Smithian] popular school explains such important phenomena in social economy, is evidently not merely a *division of labour*, but a *division of different commercial operations between several individuals*, and at the same time a *confederation or union of various energies, intelligences, and powers on behalf of a common production* (List 1966 [1885]: 150-151, emphasis in the original).

The key to List's theory of productive forces is his conceptualization of the nation. Whereas Smith viewed labour as a contract relationship between individuals and thought that self-interest best develops the common welfare, List noted that individuals can often profit themselves at the expense of the nation as

a whole, even hindering the economic development of a country. Arguing explicitly against the Smithian notions of "division of labour" and labour as a contract between free individuals, he emphasized that laws of cooperation go beyond the individual factory or manufacturing branch to the entire nation:

The popular school, because it has regarded the division of operation alone as the essence of this natural law, has committed the error of applying it merely to the separate manufacture or farm; it has not perceived that the same law extends its action especially over the whole manufacturing and agricultural power, over the whole economy of the nation (List 1966 [1885]: 150-151).

Based on his concept of labour as the collective power of a nation, List formulated a plan of national policy, which foreshadowed many later themes of industrialization in East Asia. His policy revolved around the following four principles:

1) *National Unity*. As the basic economic and political unit is the nation, the state should encourage a strong national consciousness. The nation is the basis of economic growth (List 1904 [1841]: 254). In the German case, List was puzzled by the reluctance of Holland to join the German confederation. With similar cultural traditions and a language that varies from High German no more than other German dialects such as Bavarian or Plattdeutsch, Holland could have integrated easily into a German nation. Yet Holland refused to join the German confederation, choosing instead to develop its own national identity. To this day, the Dutch still maintain an ideology that they are culturally and linguistically distinct from Germany. Some Germans doubt this ideology, arguing that Dutch is more accurately described as one of many German dialects. These arguments are similar to some arguments made about whether or not Taiwan should be part of China.

2) *Institutions to promote and regulate trade.*

Like Smith, List argued that the state needs a suitable set of institutions to promote development. These institutions should guarantee personal security and property rights, regulate and facilitate commerce, and promote democracy (List 1904 [1841]: 69). Unlike Smith, List distrusted "free" markets and took a firm stand against "laissez-faire" economics. In his words, laissez-faire is "an expression which sounds no less agreeable to robbers, cheats, and thieves than to the merchant, and is on that account rather doubtful as a maxim" (List 1966 [1885]: 259). At the international level, List warned that free trade, if initiated between nations of unequal economic strength, will lead to domination of the wealthier countries over the poorer ones (List 1904 [1841]: 218). This idea was clearly understood by the Guomindang state, which followed Japanese precedents by implementing institutions on Taiwan to promote and regulate trade while protecting domestic industries in their nascent stages.

3) *Promotion of Manufacturing as a nation's economic base.* List is most famous for his promotion of protective tariffs. He argued that a state should guide industrial development through four stages. In the first stage, the nation is underdeveloped and basically exports agricultural goods and imports manufactured goods. At this point, free trade is beneficial for the nation, as the desire to gain manufactured goods will spur the productive forces into action. In the second stage, however, the state needs to encourage domestic manufacturing and institute a system of import tariffs to protect nascent industry. In the third stage, the state needs to actively encourage domestic manufacturing for the domestic market. After the country has developed, it has reached the fourth stage, and should eliminate tariffs. In this stage, the nation exports

mainly manufactured products and imports agricultural goods (List 1904 [1841]: 71-76). As Wade (1990) argues, this is essentially the development path that led to Taiwan's economic success.

4) *Bourgeois freedoms*. List was a great proponent of bourgeois freedoms, and saw a link between democratic liberty and economic development (List 1904 [1841]: 196). He recognized, however, that all nations are not equally prepared for the responsibilities incurred by such freedom: "democratic forms of government among people who are not ripe for them can be the cause of decided retrogression in public prosperity" (List 1966 1885: 334). His theory was later echoed in Sun Yat-sen's theory. Sun argued that the Chinese people would require a temporary period of tutelage, learning how to live in a democratic country from a vanguard party, and that full democracy could only be implemented after the economy was developed and the level of education among the population raised to an appropriate level. By 1987, when Taiwan lifted martial law, the population of Taiwan was already ripe for democracy. The period of tutelage, followed by the full development of democracy, most likely contributed to Taiwan's success.

List's theory is echoed in both Sun Yat-sen's theory and the actual policies implemented on Taiwan. In constructing national unity, the key issue in List's theory, the GMD state has consistently emphasized identity with the Republic of China. Even in recent years, Taiwanese president Lee Teng-hui drew upon the German idea of *Gemeinschaft*, or a closely knit community. Using the German word in a public speech, he encouraged the people of Taiwan to identify with the Republic of China and build a national consensus (Hu 1995: 226). Just exactly what constitutes that national identity, however, is a disputed issue in Taiwan.

Debating National Unity on Taiwan

During the later years of Japanese rule on Taiwan, national unity meant identification with Japan. Schools taught Japanese, and the Taiwanese were expected to worship Japanese gods in Shinto shrines. When the GMD arrived in 1945, they found an educated middle class that spoke Japanese as well as Hokkien, slept on tatami mats, and ate sashimi. Those people were no longer completely Chinese, nor quite yet Japanese. Some members of that generation, in fact, claim it is the Japanese occupation that made them realize they are Taiwanese.

In order to justify their own rule, the GMD spared no effort in their attempts to convince the populace that the local Taiwanese and the incoming mainlander rulers were intrinsically members of the same nation. They required the local people to learn Mandarin, once the bureaucratic language of the Qing court, but now destined to become the common language of all of China. They enshrined Sun Yat-sen as "father of the nation," placing statues and pictures of him all over the island, even though Taiwan had not even been part of the Republic of China for the first thirty-four years of its existence. In schools, children were taught the Three Principles of the People, an ideology which emphasizes nationalism and Chinese identity. Geography classes taught the Republic of China from a map including all of China, Taiwan, and Outer Mongolia, despite the fact that Chinese president Yuan Shikai had recognized the Mongolian state as early as 1913. They also overlooked the facts that the governing apparatus of the ROC had not controlled Taiwan until 1945, and lost control of everything but Taiwan in 1949. The only time those maps were roughly accurate was a four year span from 1945 to 1949, yet they are still taught in schools today.

Not just school lessons, but also daily life activities in Taiwan are often couched in nationalistic rhetoric designed to create a national consensus. At large public gatherings such as sports events, graduation ceremonies and even the shareholders' meetings of large corporations, Taiwanese people are expected to stand for the national anthem and bow three times to a picture of Sun Yat-sen. Until recently, they were even expected to do so in cinemas before the showing of a film.

From the very beginning, however, many Taiwanese people have questioned the nationalist rhetoric of the state, especially as a nationalist ideology was imposed by different groups of outsiders for the second time in recent memory. Now that Taiwan has democratized, the independence movement enjoys widespread support among the population, although many Taiwanese people oppose an outright declaration of independence for fear of a military response from the mainland. Originally, the independence movement was a protest against Nationalist hegemony on the island. Many members of the elder generation perceived the coming of the Guomindang as a form of external domination, an idea which was reinforced by the persecution and execution of thousands of Taiwanese in the aftermath of the February 28 incident. During the course of my field work, I frequently encountered older men who tried to convince me that Taiwan had been colonized by the GMD. Some, in fact, refused to speak to me in Mandarin, arguing that it is the language of the colonial oppressor. They encouraged me to learn Taiwanese, but spoke to me in Japanese or English to expound on their political ideas. One elderly gentleman spoke to me in Japanese, and said that his service in the Japanese military was the proudest moment of his life. For young Taiwanese, support for Taiwanese independence is primarily

motivated out of satisfaction with Taiwanese capitalism and democracy, and a rejection of potential Communist hegemony over the island.

In my interviews with tanners, many of them eventually steered the conversation around to issues of Taiwanese nationalism. In the beginning stages of my field research, I was completely uninterested in the subject and merely listened politely to separatist discourse without taking formal notes. I soon noticed, however, that nearly every tanner wanted to discuss the subject with me. On the whole, they were far more interested in discussing Taiwanese nationalism than in speculating on how the Chinese family system influences the organization of tannery production. Questions about the family and Confucian ethics aroused polite indifference. Questions about the status of Taiwan led to heated discussions. Since Taiwan's ambivalent national status is one of the main preoccupations of tanners' lives, and places their economic futures at stake, I eventually came to the conclusion that this topic deserves anthropological attention, and decided to write this chapter. The views of Taiwan's separatists are neatly summed up in a discussion I had with one tanner and his wife at the end of our interview. After a discussion of the many problems facing the tanning industry, he said:

Taiwan's biggest problem is the lack of international space. In order to develop further, Taiwan needs recognition as an independent country. Without official recognition as a country, wealth can do nothing for Taiwan. Whenever we go abroad to do business, or just as tourists, we have problems because no one recognizes Taiwan as an independent country.

His wife added:

Taiwan should just do away with the Republic of China and call themselves Taiwan. After the Japanese left, we tried to declare the Republic of Taiwan, but then the ROC took over. There were

violent conflicts between the Taiwanese and Mainlanders at that time. The GMD killed a lot of Taiwanese in the February 28 incident. After that, Mainlanders were afraid to leave their homes, because they were often beaten by native Taiwanese. But the government repressed the native Taiwanese movement and oppressed us for many years. If people said the wrong things, they would arrest them and take them away for brainwashing. In school, we were fined one Taiwanese dollar for every sentence of Taiwanese we spoke, since we were expected to learn Mandarin.

Taiwanese Investment in Mainland China

Separatist rhetoric aside, the investment strategies of tanners and other industrialists may actually push Taiwan ever closer to the mainland. The greatest integrating force uniting Taiwan and the PRC is Taiwanese investment in mainland industry. By 1993, Taiwan already had 8,360 investment projects in the mainland, for a total value of US\$7,905,670,000. That placed Taiwanese direct foreign investment in the mainland second only to Hong Kong and far ahead of both Japan and the United States. Taiwan, in fact, accounted for 8.51% of China's direct foreign investment, and that without counting investment made through third party intermediaries (Schive 1995: 96). With growing trade and investment, Taiwan has become far more dependent on trade with the mainland than the converse. Because the mainland continues to block Taiwan's participation in international organizations and has not ruled out the use of military force against Taiwan, many in Taiwan are uneasy about growing economic dependence on the mainland (Schive 1995:31).

The Taiwanese leather industry is already closely tied to the mainland. By 1994, horse and cow leather goods had become Taiwan's tenth largest export to the mainland (Schive 1995: 30). Most of this consisted of cowhides tanned in Taiwan and destined for Taiwanese-owned shoe factories in Guangzhou or Fujian. Taiwanese

tanners, moreover, are well-invested in the mainland. Out of the sixty-eight tanneries in my study, twenty-five have already made investments abroad, in at least one country, for a total of twenty-nine foreign investment projects. By far, the favoured investment destination is mainland China, as twenty of those tanneries have invested in the mainland. Six have invested in Southeast Asia, two in New Zealand, and one in Canada. Most tanners investing outside of Taiwan have moved production to the mainland, especially the heavily polluting wet tanning stages of the labour process. The two tanneries described below are typical examples of factories that have moved production to the mainland.

Dividing Up the Tanning Process

Ruan Hongzhi slowly sipped at a cup of Chinese herbal medicine during our interview. He had just come back from his tannery in Guangdong, where he had caught a fungal infection in his lungs caused by exposure to infected hides. When the cough seemed untreatable, he returned to Taiwan for medical treatment and rest, which gave me a chance to interview this otherwise busy entrepreneur. The history of their tannery is typical of those who invest in China, and reflects the difficulties of the Taiwanese industry as a whole.

He began his narrative with a history of the firm, a tannery started by Ruan Shifeng, his father. His grandfather died at a young age, leaving the thirteen year old Ruan Shifeng to help his mother take care of the younger children. As they lacked the financial means to send him to school, he began work after his father's death in a Tainan shoe factory. When he got older, he went into leather trade, buying finished leather from tanneries and selling them to leather products factories. When he saved up enough capital, he bought a leather tannery, speculating that it would be

even more profitable than trade. Since he had never worked in a tannery, however, he hired an elderly splitter as master of the shop and learned from him. He, in turn, taught his sons how to tan leather.

The tannery has by now made a transition to the second generation. All of the management and stockholders are family members, but they don't hire relatives for the labour process. The father, Ruan Shifeng, is still nominally the CEO, but he and his wife no longer actually participate in tannery operations. The three sons divide up the responsibilities among themselves and their wives. Ruan Hongzhi, the eldest son, is thirty-three years old and a high school graduate. He oversees the Guangdong plant, but also works as a technician and salesmen, as needed by the immediate needs of the tannery. His wife is an accountant and administrator. His younger brother works in the tannery as production manager. His wife also handles accounting and administrative tasks. The youngest brother is still in college. He studies environmental engineering, a specialty which may help the family tannery make a transition to less polluting tanning techniques.

Like other tanneries, the Ruan family tannery faces two crucial problems. The first is a labour shortage, which is critical enough that family members must often jump directly into the labour process of tanning if all the workers don't show up for work. Company welfare is good, insisted Ruan. The tannery offers workers an annual bonus, subsidizes an annual company trip, helps pay for marriage and funeral expenses, and aids workers when a child is sick. Nonetheless, it is hard to find workers. Most of their employees are old. They have trouble finding younger workers, since few young people want to endure the hard, dirty labour of tannery jobs.

The second problem is pollution. They originally

bought their plant in Yongkang, a sparsely populated rural area near Tainan City. As Tainan grew, however, Yongkang quickly developed into a densely populated suburb, and it is no longer feasible for tanneries there to do wet tanning and emit the tanning effluents into the local river. The Ruan family solved that problem by eliminating the wet tanning stage from their Yongkang tannery. They bought a tannery in Guangdong, which produces only wet-blue hides. They then import those wet-blue hides into Taiwan, and do the dry tanning in Yongkang. When the importing process slows up production, they buy wet-blue hides from other Taiwanese tanneries.

Since this strategy has successfully solved both their labour and environmental control problems, the Ruans plan eventually to reduce their Taiwanese operations to only a warehouse and sales operation. "Nowadays, it's too tiring to run a tannery in Taiwan," said Ruan Hongzhi. "I think most Taiwanese tanneries will eventually move abroad due to Taiwan's labour and environmental problems."

The Diversified Strategies of Pedro's Tannery

I knew that Fuhsing Tannery in rural Rende Township of Tainan County was special when the thirty year old general manager handed me his business card printed in Spanish and Chinese. Many Taiwanese people select English names for themselves, and most tanners print their business cards in both Chinese and English. This was the first time, however, that I had seen a Taiwanese person use Spanish. He uses the Spanish name Pedro, since he studied Spanish as a student in the foreign language department at Taiwan National University. In his spare time, he still reads Spanish for pleasure. And he relishes the chance to practice his Spanish with Spanish or Latin American leather producers at international leather conventions.

Pedro's father was from Tahu in Kaohsiung County, the origin of a whole generation of Taiwanese tanneries. In the early days of the industry, that town specialized in tanning. Many of its skilled tanners eventually moved to Tainan to take higher paying jobs as technicians in such large tanneries as Yongliang. His father moved to Yongliang at the age of sixteen and took a job as a leather splitter. In 1974, he had saved enough money and left Yongliang to open up his own tannery. They could already afford mechanized splitters, but still did much of the work, such as drying, with manual techniques.

The company has stayed in family hands. Pedro, his younger brother, and unmarried younger sister all work in the tannery, in spite of the fact that all three of them have completed college. They often make jokes about their high levels of education, since it is rare for individuals in the industry to have attended university. He says that their higher education levels give them an advantage over other factories. Since he speaks both English and Spanish, he can bypass trading agents and use his own foreign language skills in negotiating contracts with clients in Spain, Latin America, and elsewhere. He also says their higher level of education allows them to acquire systematic management techniques, which other tanneries are slow to adopt. In the old days, he said, it was sufficient for tanneries to concentrate on learning new technologies, but now the competitive edge comes from acquiring better management skills.

Good management, in fact, has allowed them to expand and diversify into other endeavors. In addition to their Tainan leather tannery, they also own a PU-coating factory in Yunlin County. That factory does the relatively low polluting job of gluing PU-coating to shoe leather. The outer layer is PU, a synthetic

material, and the inner layer is genuine animal leather. They also run a trading company in Tainan, a western medicine plant, and plan to open another tannery in Xiamen next year because "it's not easy to make leather in Taiwan."

The two main problems he faces are the labour shortage and increasingly stiff environmental regulations. He solves them both with a variety of strategies. Labour mobility is a big problem, especially among skilled technicians who move arbitrarily when they can negotiate higher wages at other tanneries. And it is nearly impossible to get young manual workers, since few Taiwanese want to work in factories any more, especially due to the contact with polluted water that the work entails. He solves the labour shortage with a number of different tactics. First, he has hired a team of Thai workers, whom he works until the wee hours of the morning in the busy season. Secondly, he subcontracts work to smaller tanneries. Subcontracting has the advantages of lightening his own work load, as well as providing work for companies too weak to develop a stable customer base of their own. Thirdly, he is increasing automation. He has already ordered a fully automatic splitting machine, one of the first in Taiwan.

The second problem is managing environmental pollution. Pedro's tannery has been making leather for twenty-three years. Originally, they were located in Yongkang, but eventually found it unfeasible to do leather there due to Tainan's urban expansion. Fourteen years ago they moved to a small village in Rende Township, where they can do smelly wet tanning without protests from neighbors. He expects Tainan's urban sprawl to eventually reach Rende, which will again create conflict about environmental problems. He thus plans to solve labour and pollution problems by

gradually moving production to the mainland. The first to suffer from this move will be the small subcontractors, as he will be able to take care of all production needs in his own mainland tannery.

Some companies, in fact, have reduced Taiwan operations to merely trade offices and warehouses. One tanner I interviewed owns two large tanneries, employing a total of over three hundred workers, and a glove factory, with over five hundred employees, in mainland China. He has never manufactured leather in Taiwan. His office in Tainan County is primarily a trade office and entrepot, as he buys hides from Taiwanese tanneries for sale to glove and other leather goods factories in the mainland.

These examples, and others like them, show that Taiwan has moved into a new era. Taiwan is no longer an island of living room factories, as it was twenty years ago. Many small firms have now expanded into professionally run corporations. Facing labour and environmental problems in Taiwan, they are now exporting capital and moving production abroad. Since many look directly across the Taiwan Straits, the result is that the economies of Taiwan and China are becoming more closely intertwined than ever before in Taiwanese history. During the Qing, there was very little industrial investment at all. During the Japanese period, investment patterns linked Taiwan to Japan. In the first few decades of GMD rule, Taiwanese were not allowed to invest in the mainland. Since those restrictions were lifted in 1990, Taiwanese investment in the mainland has steadily increased. Yet not all tanners are interested in the mainland, as investment there entails both advantages and disadvantages. Tanners carefully weigh the following advantages and disadvantages before deciding whether or not to move abroad, and whether to move to China or Southeast Asia.

These advantages and disadvantages of investing in China, taken from interviews with tanners, reflect the very different institutional frameworks that have evolved in Taiwan and the Mainland.

Advantages of Investment in Mainland China

1) Lower Labour Costs

The main incentive for most companies to move production to China is the low cost of labour. One tannery worker costs only the equivalent of NT\$2000 a month in China, compared to around NT\$30,000 a month in Taiwan. Those labour savings are especially important for labour-intensive industries such as shoe production, but less important in the relatively capital intensive tanning industry.

2) Proximity to Downstream Industries

The main advantage for leather tanners is proximity to leather goods factories. Since the production of leather shoes and other leather products is labour intensive, many of these factories have already relocated to China. The domestic market for tanned leather in Taiwan has diminished rapidly. Many tanners consider moving to China in order to be closer to their major customers.

3) Common Language and Cultural Background

Many tanners prefer doing business in China rather than in Thailand or the Philippines because they share a common language and cultural background with local officials and business partners. In Southeast Asia, inability to communicate in the same language is the major barrier to investment. For the same reason, the Taiwanese have a comparative advantage over foreigners when doing business in China. Speaking the same language as their counterparts in China, they can understand each other better and negotiate business deals more easily.

4) *Less Rigid Environmental Protection Standards*

Since China is well known among tanners for its lenience in regard to pollution control, many tanners contemplate doing wet tanning in China and dry tanning in Taiwan. It is often possible to bypass environmental protection guidelines and even laws by cultivating personal relations with the right people. As one tanner said, "There are many laws," he said, "but China is still a society ruled by men. It's not like Taiwan, a society ruled by law." The relocation of many polluting industries to China, however, is probably most harmful to China itself and may actually hinder its development.

Disadvantages of Investment in Mainland China

1) *Supply of Raw Materials*

Tanneries rely on large amounts of imported raw materials, including tanning chemicals from Germany, cow hides from North America, and pigskins from Japan. Tanners that stay in Taiwan often cite the relative ease of importing raw materials into Taiwan. Those that invest in China complain about the complex tariffs and bureaucratic hurdles they face when importing raw materials into China.

2) *Low Quality of Domestic Raw Hides*

Tanners complain of the low quality of Chinese domestic pigskins, as China has no standards on slaughtering pigs. Pigs of all ages and sizes are slaughtered together, which reduces the uniformity of the hides produced. In Japan and Taiwan, however, pigs are all slaughtered at a standard weight and size, thus making the hide quality similar and reliable.

3) *Low Quality of Domestic Labour Force*

Taiwanese tanners often compare the workforces of Taiwan and the mainland. They say that Taiwanese workers have become accustomed to capitalist production and are industrious employees. Due to their Communist

past, however, mainland workers are lazy due to experiences working in state factories with overinflated workforces and "iron rice bowl" policies that make it impossible to fire them. The result is that mainland factories are not competitive with Taiwanese factories in terms of labour productivity and the quality of the goods produced. Customers thus often demand lower prices for leather tanned in China, thus reducing the savings made in labour costs.

4) Excessive Taxes and Regulations

Tanners investing in the mainland report excessive regulations and taxes. One tanner, for example, opened up a glove factory in the mainland, but has not yet been permitted to repatriate his profits to Taiwan. He said that taxes and tariffs are often raised arbitrarily and it is often necessary to bribe officials in order to obtain the necessary permits. Fees and taxes imposed by lower-level cadres are often arbitrary and illegal (Lyons 1994).

5) Higher Transport Costs

China is much larger than Taiwan, and the road transportation infrastructure is inadequate. Transportation costs are thus higher in China than they are in Taiwan. Higher transportation costs cut into their profits, and reduce the savings they would otherwise enjoy due to lower labour and land costs.

6) Lack of Trust

Mainland Chinese partners are widely perceived as dishonest, and stories abound in Taiwan about investors being cheated in China, even by their own relatives. In some cases, deception has even been institutionalized. One trader, who purchases tanned leather from Shuitou Township in Wenzhou, says traders refer to purchases there as the Shuitou 50% cut, since they always get exactly half of the quantity of leather they ordered.

In manufacturing, the stakes are even higher.

Because mainland partners are often dishonest, Taiwanese tanners say they must always ensure that one of their own people is present in the mainland factory at all times to oversee financial affairs personally. This, however, is not always possible. One tannery, for example, eventually backed out of a joint venture in Shandong Province when they discovered that the partners was taking larger profit shares than originally agreed upon. Since they couldn't find a family member willing to go to China, they abandoned the project entirely and now produce all of their leather in Taiwan.

7) Unstable State Policies

China is well known for its unstable state policies towards industrial investment. Laws are often unpublished and changes are made without consultation with the individuals affected. One tannery that has invested in a baseball glove factory in the Philippines said they chose that country over China mainly because state policies in the PRC are too unstable and unpredictable.

8) Unstable Property Rights

In a series of case studies drawn from the Fujian press, Thomas Lyons discusses how property rights are threatened by both local village communities and predatory state institutions. In one case, for example, a cement factory was the target of collective violence and forced to close down when villagers would not accept an "outsider" as assistant manager in charge of purchasing and sales (Lyons 1994: 148). Investors, moreover, are only allowed to lease land and cannot purchase it outright. The limited nature of property rights in China, and the difficulties of enforcing them, are disincentives to investment in China.

The Response of the Taiwanese State

Despite the many problems involved in investment on the mainland, China's low wages and massive workforce

have made it profitable for labour-intensive industries to relocate there. The Taiwanese government, fearful of increasing dependence on the mainland, has responded with measures designed to counteract such trends and maintain their own power over the economy. In 1994, the Taiwanese state began to promulgate the "Looking South" policy of encouraging Taiwanese business people to invest more in Southeast Asia. This policy has two major goals. First, it is intended to reduce economic dependency on the mainland by spreading investments among the ASEAN countries. Secondly, it is intended to boost diplomatic ties with the region, thus counteracting China's attempts to isolate Taiwan internationally. Under this policy, the state has established research committees on Taiwan-Southeast Asian economic relations, established trade offices in Southeast Asia, signed trade agreements with individual countries on such issues as tariffs, and helped Taiwanese banks establish a foothold in the region (Economic Daily News 1995). When I talked to tanners about this policy, however, they reacted skeptically. They said that the policy as currently implemented is not enough. The state needs to offer more concrete financial incentives, such as low interest loans, if they want to encourage business people to invest in production in the region.

Cultural Differences Between China and Taiwan

Taiwanese investment in the mainland has been bringing the two economies closer together than ever before. Ironically, however, contact between Taiwanese and mainland Chinese can also reinforce perceptions that the Chinese on both sides of the Taiwan Straits share different cultures. Tanners that do business in China often stress the differences between the two places, often characterizing the mainland Chinese as greedy, materialistic and dishonest. One

laobanniang with extensive business experience in the mainland, asked me if I thought the Chinese and Taiwanese have the same culture. I said they are very similar, especially the Taiwanese and the Minnan people of Fujian Province. She replied with her own opinion:

The Chinese and the Taiwanese have different national characteristics. Chinese workers are lazy, but Taiwanese workers are used to the idea that they have to work hard if they want to eat. And Chinese are always thinking about money first. When Taiwanese people visit China, their relatives always ask them for money. Older (Taiwanese) people still identify with their hometowns in China and want to go back to visit.¹ But the younger people only identify with Taiwan and don't think they are Chinese.

I suggested that the Taiwanese are perhaps more honest and less materialistic than their counterparts on the mainland due to different levels of economic development in the two places. Since the Chinese are much poorer, they are often tempted to make easy money from outsiders, and both foreigners and Taiwanese are likely targets for deception. Most Taiwanese, however, are already prosperous. They have no need to cheat others for small amounts of money, and they have the material base that allows them to pursue many other interests other than merely concentrating on earning more money.

Many Taiwanese, however, think the cultural differences are greater than that, and often attribute changing Taiwanese culture to the Japanese. One tanner, for example, said that the Japanese taught the Taiwanese honest business practices and general public order, making Taiwan an attractive place to do business. Another tanner, when asked how he thinks Chinese culture

¹ Presumably, she was referring to those individuals of recent mainland origin or those who were themselves born in China. Few Minnan people are likely to be any more attached to their "home towns" in Fujian than Americans would be attached to their ancestral homelands in Africa, Europe, or elsewhere.

influences the leather industry, replied "I think Japanese culture has influenced management practices more than Chinese culture, because so many Taiwanese companies have their roots in the Japanese occupation of Taiwan." He argued that Taiwan, due to its colonial past, is actually closer to Japan than to China.

Taiwanese anthropologist Lin Meirong, for example, argues that Taiwan has developed an island culture, which she contrasts to the mainland culture of China. Taiwan is thus more cosmopolitan and open to outside influences than mainland China (Lin 1989: 136). There is sufficient historical evidence to support this view. The aboriginal inhabitants of the island were seafarers, and had long trade contact with other island peoples in the Pacific, notably the Philippines and Japan. The Chinese that came over to Taiwan from Fujian and Guangdong were themselves sea traders, fishers and pirates, who were often more at home on the sea than on land. Both the Ming and the Qing states viewed these people with suspicion and tried, albeit with little success, to limit their seafaring ways. In many ways, therefore, Koxinga is an appropriate symbol of the Taiwanese spirit. Like Taiwan itself, he was born of a Japanese mother and a Chinese father. Like many Taiwanese people, he had many foreign contacts, maintaining a trade empire ranging from Nagasaki to Macao. Yet he also serves as a warning to the Taiwanese, as he was eventually crushed by the Qing military.

The Taiwanese tanners in my study are still as cosmopolitan as their seafaring ancestors. I found it hard to find tanners for interviews, in fact, as they often travel outside of Taiwan. I was often turned away from tanneries on the grounds that the owner was supervising his plant in Guangdong, attending a leather fair in Spain, or merely taking a ski vacation in the

Canadian Rockies. The export of capital to mainland China and southeast Asia is only one manifestation of this tendency. Taiwanese people often emigrate abroad. Most of the wealthy tanning families have already secured their green cards, landed immigrant status, or citizenship in countries such as the United States, Canada, and New Zealand. They sometimes even send family members to Latin America, and use those contacts to improve their business profits.

The Zhang family, for example, is typical of a wealthy Taiwanese family. They own a large tannery in Pingtung County, and their life is still largely focused on that enterprise. Yet the whole family has already acquired Canadian citizenship, they own a home in Vancouver, and their children are all educated at Canadian universities. The wife's younger sister has moved to Chile with her husband, and they continue to do business with her. They sell the family's tanned leather to leather products companies in Chile, and they also import Chilean canned fish to Taiwan. Ties such as this link Taiwanese people to all parts of their world, diminish their ties to any one nation, and reinforce a cosmopolitan identity far removed from the continental mentality of mainland China. These people possess important skills and their human capital has contributed to the development of Taiwan. Yet they are unlikely to be attracted by unification with the mainland and are likely to move elsewhere if the Communists were ever to take over Taiwan. Their investment and emigration strategies, in fact, are calculated to make such a move possible if it were suddenly made necessary.

Conclusions

For the past three hundred and fifty years, the beautiful island of Formosa has been repeatedly captured by different rulers coming in from the outside. In

many ways, the relationship of Taiwan to its conquerors is like that of a woman entering into marriage. The succeeding reigns of Koxinga and the Qing court brought in waves of male immigrants from Fujian and Guangdong. The relationship of aboriginal Taiwan to its Chinese conquerors was like that of a reluctant bride facing an arranged marriage. Just as women are left out of Chinese family genealogies and the contributions of *laobanniang* often unrecognized in family firms, the influences of aboriginal society to Taiwanese culture were quickly forgotten by succeeding generations. Only rarely do Taiwanese remember that "Our father is from Tang Mountain, our mother is not from Tang Mountain." The handover of Taiwan to the Japanese under the Treaty of Shimonoseki was like a woman sold into concubinage by her impoverished parents. Unwilling at first, she eventually adapted to the ways of her new family and benefited from its riches. Her offspring were then a hybrid of Chinese and Japanese elements. Taiwan under the GMD was like a bride entering into marriage with her own consent. The marriage was soon destroyed, however, by domestic violence in the February 28 incident and years of white terror. Already, like the role of the *laobanniang* in family firms, the contributions of Taiwan's Japanese past to the Taiwanese enterprise are often overlooked.

One the eve of the twenty-first century, Taiwan is once again being courted by an outside force, Communist China with its promises of "one country, two systems." Yet the fate of Taiwan is still undecided. Will she be once again taken by force, in a military conquest by the mainland? Will she willingly step into marriage, like many Taiwanese *laobanniang* who launch businesses as equal partners with their husbands? Or will she go her own way like those lesbian entrepreneurs who forego marriage and pursue their own fortunes on the free

market? Ideally, that decision should be made by the Taiwanese people themselves, and not by outsiders. As China tries to woo Taiwan into marriage, it is best to remember the Chinese tradition of "matching windows and doors," of preferring marriages between families of equivalent social and economic standing. As Taiwanese president Lee Teng-hui said:

It is imperative that the Mainland authorities appreciate that what divides the Mainland and Taiwan is really not the Taiwan Straits. It is the gap between what we can offer to our people with our two opposing sets of economic and political institutions (Hu 1995: 219).

Continuing economic reform and development on the mainland may eventually allow China and Taiwan to match windows and doors, especially if China can establish the system of law, secure property rights and free markets that are needed for sustained economic growth. Taiwan is now a full democracy, and China will also need to develop into that direction. That, however, will not require the wholesale importation of foreign institutions. The Chinese constitution is already a milestone in the history of human democracy and human rights. What China needs is merely to enforce the democratic ideals that inspired the CCP and are enshrined in its constitution. Economic development may make it possible to do just that, especially if it is accompanied by educational reform and the cultivation of spiritual as well as material development. If these conditions are met, Taiwan may freely enter into unification with the mainland.

In some ways, the use of culture as employed in Taiwan resembles the experience of Japan. Bernard Bernier (1995) demonstrates how Japanese cultural ideology is a product of Meiji modernization and promoted in schools to inculcate nationalism. Although not universally accepted, it has emphasized

such themes as a group mentality, the honour of making personal sacrifices to the nation, and the idea of the firm as a moral economy. Taiwan is different from Japan, however, in that there is no clear consensus on the definition of the Taiwanese nation. As the Guomindang has no control over the mainland, the concept of the Republic of China as taught in schools is clearly a political fiction, and few Taiwanese believe it. Whether Taiwan will establish its own identity or unite with the mainland is an issue still to be resolved, and much of the ideological battle will be fought with cultural weapons. If national unity is as important as Friedrich List thought, the result of that conflict may very well determine the fate of Taiwan. If the Taiwanese elect to be Chinese and eventually to unite with the mainland, they may become one small part of a great political and economic power. If they elect for independence and can develop their own Taiwanese national unity, they may become a small, wealthy and independent country, the Switzerland of Asia. If no consensus can be reached, however, it may divide the island's population. The "Taiwanese miracle" could easily become history if the island were troubled for too long by political uncertainty.

Taiwan's national question -- to unify with China or take a separate path -- seems far out of the range of anthropology. Yet it is important to raise this question precisely because it is one of the most important issues in the lives of Taiwanese people, including the tanners that are the subject of this thesis. It is also important because the cultural arguments of anthropologists have a political dimension, even if unintended by their authors. What is the political meaning of culture? That is the subject of the next chapter.

When the Great Tao is abandoned, there appear "humanity" and "justice." When intelligence and wisdom arise, hypocrisy appears. When the family is not at peace, there appear "filial piety" and "paternal benevolence." When the country falls into darkness and chaos, there appear "loyal" ministers (Lao Tze, *Tao Te Ching*: 18).

Chapter Nine: Conclusions

I originally designed this study as a test of a "Chinese entrepreneurial ethic" thesis. This thesis postulates that Chinese culture embodies a unique economic logic of its own, a Chayanovian logic in which Chinese enterprises serve mainly to provide for the family, and are restricted by the limitations of family resources. In my study of the Taiwanese tanning industry, however, I found that culture alone is not an adequate explanation for firm size, nor can it predict whether or not firms will grow beyond a certain size. Taiwanese tanneries are not only larger than Chinese-owned tanneries in India, but are even larger than tanneries in Canada. In a study of tanneries in Taiwan, I found a broad spectrum of different types of firm organization, ranging from small scale family firms and sole proprietorships to large corporations, including the world's largest pigskin tannery. Since all of these tanneries are owned by people of the same culture, Hokkien-speaking Taiwanese, I could eliminate culture as the explanatory variable. Instead, as shown in chapter four, I found that capitalization and product type are better predictors of firm organization. Chinese culture in Taiwan has by no means precluded the expansion of firms, large-scale labour hiring, or the widespread use of professional management.

This comparative approach casts new light on Oxfield's study (1993). She argues that Chinese-owned tanneries in Calcutta are small family firms due to both a Chinese "entrepreneurial ethic" and the marginal

status of Chinese in India as "pariah capitalists." Since Chinese tanneries in Taiwan can and do outgrow the constraints of the family, this study suggests that the latter is more important. Chinese tanneries in Calcutta are thus small family firms because they are the strategy of a disadvantaged ethnic minority struggling to find a niche in the Indian economy.

It is important to take a step further and look at the wider institutional context to understand in greater depth the possibilities and constraints of any political economy. Tanneries in India, whether owned by Chinese or Indian tanners, tend to be small, undercapitalized firms (Prasad 1991, Sinha and Sinha 1992). Since Chinese tanneries in Taiwan are relatively large, but tanneries owned by members of different ethnic groups in India are mostly microenterprises, this form of firm organization is probably less a result of culture than it is the product of institutional restraints inherent to the Indian political economy. First, the Indian economy is one of the most unfree economies in the world (Johnson and Sheehy 1996), making it difficult for firms in any field or owned by members of any ethnic group to expand to optimal scale. Instead, they tend to remain small in order to avoid over-regulation, high taxes, and bureaucratic meddling by both state and labour unions. Furthermore, India's supply of raw hides is restricted by the Indian legal system. Slaughterhouses are severely regulated by law, and tanneries rely to a large extent on the unpredictable supply of hides from "fallen" animals, that is to say animals that have died from natural causes (Mathur 1992). It comes as little surprise that Indian scholars who have researched the industry emphasize institutional constraints and call for institutional reform to solve the problems of the industry (Mathur 1992, Prasad 1991, Sinha and Sinha 1992).

Tanners in Taiwan find themselves in a much more beneficial institutional context. The foundations for the industry were laid during the Japanese colonial era (1895-1945), when the Japanese built Taiwan's basic industrial and transportation infrastructure and established the first modern tanneries on the island. Under GMD rule, tanneries further benefited from a mix of import substitution and export promotion policies that discouraged the import of finished leather but simultaneously encouraged the growth of a native tanning industry producing largely for foreign end markets. The fact that this institutional context aided the industry is well recognized by tanners. As one participant in my study said, "Policy is the key to explaining Taiwan's success. If the government discourages business, people can't do well even if they work hard. So other influences are unimportant."

My research indicates that the institutional context plays a far greater role than the culture of individual entrepreneurs in influencing the structure of an industry, whether firms tend to be organized as family workshops or corporate entities. If the institutional context is hostile to entrepreneurship and places too many restrictions on business activities, firms will tend to be small, family oriented units in any cultural context. Fernando de Soto (1989), for example, found that the biggest restraint to firm expansion in Peru comes from excessive government regulation and taxation of business. If, on the other hand, the legal and economic framework of a country encourages or at least permits entrepreneurial freedom, the more ambitious members of that country will be able to create and expand businesses to the greatest extent permitted by their own ambitions and technical restraints of their particular occupations. This has certainly been the case of the leather tanning industry

in Taiwan.

I am not arguing, however, that culture is entirely unimportant. During the course of my field research, I observed many uniquely Chinese cultural practices that are interesting in themselves. One pervasive custom in both China and Taiwan, for example, is giving money wrapped in red envelopes, as red symbolizes good luck and prosperity in Chinese culture. People give red envelopes in a variety of social contexts. At the Chinese New Year, older family members give red envelopes containing money to younger members of the clan. Factories give annual bonuses to their workers in red envelopes. Guests give red envelopes to newly-weds at wedding banquets. In one Kaohsiung lesbian bar, I saw female customers give red envelopes to strippers. Bribes, as well, are often delivered in red envelopes.

Religious beliefs are important to most Taiwanese people, and play a certain role in certain occupations. Construction workers, for example, make sacrifices to the Earth God before beginning work on a project, and traditionally do not work during the seventh month of the lunar calendar, as it is believed that the ghosts of the dead come out from Hell during that time. Almost all Taiwanese business people, for example, make food and incense sacrifices to the Earth God on the second and sixteenth days of the lunar month, in order to request business success and prosperity. Leather tanners, even in large corporations, are no exception. Most of them have small altars in their offices, and some build small shrines on factory premises. Like other business people, leather tanners believe in geomancy, and design their factories in conjunction with natural features of the landscape and neighboring buildings in order to capture prosperity and avoid ill luck.

In one Pingtung tannery, I was told a story about

how bad geomancy brought about problems with ghosts. The tannery had a road leading directly to the front gate. According to geomantic principles, that is fortunate because it brings good things such as money, but it can also bring bad things such as ghosts. Shortly after the tannery began production, strange incidents began occurring at night. Workers frequently had accidents, and at night workers reported seeing motorcycles driving themselves around the tannery grounds. The owners thus consulted a spirit medium, who diagnosed the problem as bad geomancy attracting ghosts from the tombs on the other side of a neighboring coconut grove. In order to correct the problem, they built a small shrine on tannery property, and now make monthly sacrifices to appease the ghosts. Since the shrine was erected, no problems with ghosts have been reported.

These cultural practices are unique to Chinese societies, yet have little influence on the organization of production. When discussing the organization of production in Chinese firms, therefore, scholars interested in cultural variables usually turn to Confucian ethical principles, especially the ethics of filial piety and paternal benevolence which would keep business in the family. As the quote at the beginning of the chapter indicates, however, even Chinese contemporaries of Confucius were skeptical of statements about filial piety and benevolence. The Taoist philosopher Lao Tze suggested that concepts of "filial piety" and "benevolence" arise in times of family disharmony, while concepts of "loyalty" to the state arise precisely when the country is in chaos. Those concepts are calls to unity at precisely those times when families and/or states fall into chaos and disharmony. The political implications of Confucian discourse thus deserve further study. In this

concluding chapter, I thus take a look at Confucianist explanations in two contexts: the emancipatory discourse of Confucianism as employed in Taiwan, and the orientalist discourse of Confucianism common in the West.

Perceptions of Culture in Taiwan

As I conducted field research, held interviews with tanners, or merely conversed with Taiwanese friends, I was often amazed at the stereotypes that people hold of Chinese and western cultures. It is widely believed, for example, that Westerners leave their parents' homes at the age of eighteen, receive no parental assistance after that age, and do not care for their parents in old age. Chinese people, however, are perceived in this popular discourse to be benevolent parents and filial children. East and West are thus mirror images of one another. I was often frustrated when I encountered such stereotypes, as it clearly contradicted my own experiences growing up in Indiana, where I was surrounded by a discourse of American family values. For years, I lived the daily realities of my benevolent father working hard to pay for his two children's college expenses, and the difficulties encountered by filial off-spring taking care of my aging grandparents. Recently, my father even complained that no one will take care of his tomb if I don't provide him with a grandson. The cultural stereotypes of westerners held by Taiwanese people often frustrated me because they deny the lived experience of my own life. Although I do not believe my family is in any way untypical of Midwestern working class families, Chinese friends are often perplexed about the similarities between my family and theirs, especially when they actually get a chance to visit our family at home. It has even been suggested that my family has been influenced by Chinese culture because I study East Asian Studies and

anthropology of China.¹

In Taiwan, different cultural values are widely believed to be inherited genetic traits, as if one were comparing the characteristics of different species of animals, such as the ears of cats versus bunny rabbits. When I told informants that I was affiliated with the Institute of Ethnology² at Academia Sinica, they often asked why an ethnologist would want to study leather tanneries. I explained that I wanted to understand the influence of different cultures on the organization of industrial production, which would often incite discussion on different ethnic characteristics (*minzuxing*).³ One informant declared proudly, "I know what the different ethnicities are. There are white people, black people, yellow people, red people and brown people," reiterating them as if she had memorized a Linnean classification of plant species. These comments were so standardized that I soon began to suspect that they are taught this in school. That idea was confirmed when a high school student showed me his textbook on Sun Yatsen's ideology, enshrined as the Three Principles of the People.⁴

As Stevan Harrell (1997) recently pointed out, schools have rarely been mentioned in ethnographies of Taiwan. Yet the content of school education has a clear effect on how people perceive the world. In Sun Yatsen's ideology, a set of ideas studied and memorized by all Taiwanese citizens, the people of Taiwan have one of the most clearly articulated national ideologies in the world. Since it directly defines ethnicity and

¹ Stevan Harrell (personal communication) was once written up in a Chinese newspaper as influenced by Oriental values because he cared for his mother when she was old.

² *minzuxue*, 民族學.

³ 民族性

⁴ For a historical study of discourses of race in modern China, including a discussion of racial ideas in Republican China especially relevant to Taiwan, see Dikötter (1992).

nationalism, it shapes the way in which Taiwanese people perceive their own and other cultures. Sun Yatsen thought, however, has never drawn anthropological attention, perhaps because it is all too clearly not an unchanging Chinese cultural element. It is all too evident a product of Chinese modernity, the historical product of China's experience with imperialism in the late eighteenth and early nineteenth centuries. A study of this pervasive ideology, unlike the more common references to Confucius, thus undermines attempts to find an unchanging Chinese cultural essence.

Sun Yatsen's Three Principles of the People are people's nationalism, people's democracy, and people's livelihood.⁵ The Chinese term for nationalism, *minzuzhuyi*, comes from the Japanese *minzokushugi*.⁶ According to Dikötter, it expresses a nationalist vision based on race (Dikötter 1992: 108). High school students are taught these principles in a course which explains Sun Yat-sen's thought largely through interpretations by Chiang Kaishek and later Guomindang politicians. Although many students resent being forced to memorize this text, and are often critical of its content, it remains one of the few books read by the entire Taiwanese population. Not everyone has read the *Analects of Confucius*, but everyone has studied the *Three Principles of the People*. It is probably useful, therefore, for anthropologists of Taiwan to understand how this state ideology is promulgated and understood in Taiwan. Among other topics, the textbook contains clear definitions of ethnicities, or nationalities, the first principle of the people. Since most non-Taiwanese readers have not read the *Three Principles of the People*, it merits summary and discussion here.

Sun Yat-sen developed Chinese nationalist ideology

⁵ 民族，民權，民生

⁶ 民族主義

at a time when China needed it most. China had already been under Manchu domination for nearly three hundred years. Imperialist wars had given control of parts of China to England, France, Russia and Japan, and it appeared as if China would eventually be divided up among foreign powers. Chinese warlords themselves claimed large chunks of territory, and conflict between the Nationalists and Communists divided the nation further. Sun Yat-sen argued that the Chinese lost the ability to unite as a nation due to centuries of Manchu domination. He wrote:

According to my observations, Chinese nationalism has already been lost. This is very clear. But it wasn't lost in a day, it has already been lost for hundreds of years....The greatest reason why nationalism was lost is because we were subjugated by another race (Guoli Bianyiguan 1996: 61-62).

The result of Manchu domination was that the Chinese could no longer cooperate with one another. In Sun Yat-sen's words, the Chinese masses "are like a plate of scattered grains of sand" (Guoli Bianyiguan 1996: 63).

Sun sought the answer to China's national problem in a synthesis of Confucianism, western social science and political thought. Politically, he was influenced by Woodrow Wilson's idea of national self-determination, Jean Jacques Rousseau's ideas on natural human rights, John Stuart Mill's idea on human freedom, and Otto von Bismarck's system of national socialism. In his studies of social science, he was especially influenced by Darwinism. His views on race and culture were thus based on an understanding of biology and natural competition. He wrote:

The first level of classifying human beings is by race. They are divided into five kinds: white, black, red, yellow, and brown....These five kinds evolved naturally. They did not arise from military subjugation.....The reason that the Chinese people are yellow is that they arose from yellow blood lineage. Whatever is the blood lineage of the ancestors is forever passed down to

become the people of one race. Therefore, power based on blood lineage is the greatest of all (Guoli Bianyiguan 1996: 40-41).

The textbook used to explain Sun's thought further emphasizes that the result of the naturalist process of race formation is a common "culture."⁷ Culture is thus seen as a product of race. A nationality is then formed by people who share common blood lineage, lifestyle, language, religion, and customs (Guoli Bianyiguan 1996: 41-42). This naturalist concept of a racially-based culture is memorized in school by all Taiwanese, and remains one of the basic assumptions of nationalist discourse in Taiwan.

Sun made a distinction between the nation, which is formed by the pressure of military power, and the nationality, which he saw as formed by Darwinistic natural evolution. When faced with the threat of imperialism, the nation and the nationality can unite as a nation-state to oppose foreign hegemony. The textbook interprets Sun's philosophy as follows:

When nationality and nation are combined, then internally there is only one blood lineage and one culture and it is easy to increase unity. Externally, because racial consciousness and patriotism are combined as one, it can become a great force (Guoli Bianyiguan 1996: 46).

Sun looked for the essence of Chinese culture in Confucian values. He wrote:

The Chinese people's ancient love of peace arises from its natural essence....These kinds of special moral virtues are the spirit of our race....From very early days, so many nations and such distant races all came to pay tribute to China....Respecting Chinese moral virtues, they willingly and gladly came of their own volition to pay tribute (Guoli Bianyiguan 1996: 52).

Sun defined the natural Chinese moral values as the eight Confucian values of loyalty, filial piety,

⁷ *wenhua*, 文化.

humanity, love, trust, justice, harmony and peace,⁸ and encouraged the Chinese people to revive those ancient values as the basis of renewed national unity (Guoli Bianyiguan 1996: 69). He hoped that national unity would form the basis of an anti-imperialist front, allowing China to cast off foreign subjugation, establish itself internationally as a nation equal to all others, and lay the foundation for democracy and equitable economic development. The nationalist ideology of Sun Yat-sen's Three Principles of the People is thus an emancipatory discourse that arose as a reaction to imperialism.

The nineteenth century social scientific concepts of race and culture laid down in the Three Principles of the People remain the basis of popular conceptions regarding nations and ethnicity. By the end of the twentieth century, Chinese people are in charge of their own governments in both Taiwan and China. As the age of imperialism has ended, the need for such emancipatory rhetoric has subsided considerably. What was once an emancipatory discourse, in fact, has become the conservative discourse of the powerful. The GMD state has consistently promoted the supposedly natural and essentially Chinese Confucian values as a way of implementing and justifying its own policies, a strategy recently criticized by Taiwanese intellectuals. In the 1970s, for example, filial piety was promoted to channel unpaid female labour in the "living rooms as factories" movement encouraging small household manufacturing workshops (Hsiung 1996). The promotion of filial piety in the "three generations under one roof" campaign encouraged young women to care for their aging parents-in-law and justified the state's unwillingness to establish an adequate social welfare system (Hu 1995). Taiwanese labour activists are equally skeptical of

⁸ 忠孝仁愛信義和平

cultural arguments about Confucian harmony and "ganqing" on the workplace, as those arguments are often used to justify existing capitalist labour relations and prevent union organization in factories. Confucian arguments, if taken at face value, obscure both gender and class inequality within Taiwan.

Nationalist ideology also obscures larger conflicts among the population itself. Taiwan, for example, is currently split among advocates of unification with the mainland and proponents of Taiwanese independence. Interestingly, both parties use the same racially based concepts of nationality, as developed by Sun Yat-sen, to support their claims. Sun argued that a nation is best formed by people who share common blood lineage, lifestyle, language, religion, and customs. Proponents of unification emphasize the commonalities between Taiwanese and mainland Chinese blood, lifestyle, language, religion, and customs. Mainland China has recently become adept at this nationalistic rhetoric. In 1997, for example, they sponsored an island-wide tour of a Matzu statue from the large Matzu temple in Meizhou, Fujian Province. As Matzu, Chinese goddess of the sea and patroness of seafarers, is widely worshipped in both Taiwan and Fujian, the mainland used that religious symbolism to emphasize commonalities between Chinese people on both sides of the Taiwanese straits. That attempt, however, was soon criticized as a Trojan Horse strategy used by Communist China, hostile to religion on its own territory, to capture the hearts and minds of the Taiwanese people (*Ziyou Shibao*, January 26, 1997).

Advocates of Taiwanese independence argue that Taiwan should not be a part of China because of differences that have developed in regard to blood,

lifestyle, language, religion, and customs.⁹ Separatists often argue, for example, that the Taiwanese are mixed blood of Chinese and aboriginal ancestors, as many of the original immigrants could not bring their wives and mated with local women. Even medical researchers have stepped into the debate, with one well-known scholar at Kaohsiung Medical College arguing that the populations of Taiwan and China have different DNA structures due to Taiwan's aboriginal heritage. Separatists argue that Taiwanese and Mandarin Chinese are separate languages rather than merely regional dialects, and that Mandarin was introduced to Taiwan by the force of mainland GMD hegemony. They draw attention to uniquely Taiwanese religious phenomena, such as the widespread use of *dang-gi* spirit mediums, and contrast that to the atheist policies of the mainland. And they argue that Taiwan has established its own lifestyle and customs after one hundred years of separation from the mainland, beginning with the 1895 Treaty of Shimonoseki that handed the island over to the Japanese. The very fact that Taiwanese people themselves debate about their Chineseness undermines any attempt to classify "Chinese" people all over the world as one unified Confucian culture.

The Confucian discourse, as used by Taiwanese observers, originated in Sun Yat-sen's Three Principles of the People. It was originally an emancipatory discourse useful in the face of external threats to the Chinese people. Brought to Taiwan by the GMD, however, the Confucianist discourse became a conservative ideology justifying the hegemony of those in power. Employed in different contexts, it serves to obscure gender and class inequality, as well as the ways

⁹ A third position, that different political and economic systems are enough to make Taiwan a different nation, has been offered by Stevan Harrell (1997) and even implied by Taiwanese President Lee Teng-hui (Hu 1995: 219). See page 271 above.

different segments of the Taiwanese population perceive their own national identities. Just as Lao Tze said, concepts of "filial piety" and "loyalty" are most strongly emphasized in times of disharmony and chaos. Use of a Confucian discourse in western social science, however, springs from an entirely different source.

Orientalism and the Confucian Discourse of the West

For much of the past two decades, American anthropology has been undergoing extensive self-criticism and reevaluation, in which many of its basic assumptions have been questioned and renegotiated. In what Marcus and Fischer (1986:8) call a "crisis of representation," the legitimacy of ethnographic texts to represent non-western peoples as eternal and homogeneous has been put into question (Fabian 1983). Said (1978) noted that one of the by-products of imperialism is the Orientalist discourse of the West, which describes the Orient in terms of timeless cultural essences, and constructs the Orient as an entity diametrically opposed to the West. Some anthropologists have pointed out that anthropological studies often imply a polar dichotomy between the modern civil societies of the west, studied as products of history, and the savage traditional societies of the non-west, described as if they are somehow displaced in both time and space (Asad 1973, Fabian 1983, Goody 1977). The modernity of the West thus becomes the yardstick against which all societies are measured. Non-western societies are seen either as primitive and backwards or as a lost paradise of collectivism and harmony with nature.

These criticisms are relevant to the anthropology of Chinese societies. Much of the discussion on Chinese culture and Confucianism is based on long-standing stereotypes about the Chinese. Chinese culture is generally depicted as a distinct universe of

familistic collectivism and harmony, in stark contrast to the individualistic, conflict-ridden society of the West. Dislocated in space, Chinese culture is somehow largely uninfluenced by other cultures or changes in global political economy. Displaced in time, it has essentially remained the same "traditional" culture of Confucius, a philosopher who lived and died nearly 2500 years ago. The same cultural essence seems to persist, regardless of whether the Chinese in question are Qing Dynasty peasants, middle-class residents of Taipei, shopkeepers in Chengdu, restaurant owners in present-day London, or leather tanners on the outskirts of London.

One of the most pervasive stereotypes is that of Chinese collectivism or holism, which is implicitly or explicitly contrasted to western individualism. This contrast was made most explicitly by Hsu (1981 [1953]), and has also been used to a certain extent by some anthropologists (Potter and Potter 1990, Oxfeld 1993). This contrast is particularly difficult to explain, especially as there are numerous examples of both Chinese individualism and Western collectivism. Sun Yat-sen's criticism of the Chinese as "scattered grains of sand" was based on the idea that the Chinese are overly individualistic. Taiwanese historian Xu Yingshi explicitly argues against this discourse, citing various manifestations of Chinese individualism that make Chinese culture particularly suitable for modernization (Xu 1984). Both Buddhism and Confucianism, for example, place great emphasis on the cultivation of the individual and individual salvation. In my own research, I interviewed many very individualistic Taiwanese, the most extreme examples being several women who left their families and set up their own businesses in order to pursue lesbian lifestyles, usually in the face of strong family opposition and social censure.

In Montréal, where I attended graduate school, I saw numerous examples of western collectivism in the East Montréal neighborhood where I lived. The housewives of poorer families in Hochelaga, for example, organize their families together into cooking cooperatives, doing grocery shopping and cooking as a group in order to save money by purchasing food in bulk and preparing it in a common kitchen in order to reduce waste. Francis Fukuyama (1995) also argues against this stereotype, citing many examples of the collectivist currents in American culture. He argues that the United States is actually a collectivist culture, in spite of an individualistic ideology to the contrary. Rather than assuming an Orientalist and polar dichotomy between an individualist West and a holistic East, it seems more fitting to me to recognize that both Chinese and Western people are born as individuals but have to cooperate in groups in order to function in society. Once the stereotypical dichotomy is breached, it becomes possible to look in greater depth at how individuals in both societies actually form groups and work within them.

One of the most important ways in which members of industrial societies cooperate in groups is in manufacturing endeavors. These firms are usually associated with the family in studies of Chinese economic units. Weber (1951) thought that Chinese clannism and the absence of individualism would obstruct economic development in China. More recently, however, some American scholars used a discourse on Chinese family firms to valorize familistic Confucianism, a discourse which Greenhalgh argues grew out of and contributed to the conservative, anti-feminist rhetoric of Reagan-era America (Greenhalgh 1994: 768). In her essay on family firms, therefore, she looked beyond Confucian familism at the ways in which the state

encouraged entrepreneurs to build manufacturing enterprises by squeezing out the unpaid labour of female family members. She shows that Chinese familism is not merely a manifestation of timeless culture. Rather, it is the product of Taiwan's contemporary political economy and obscures gender inequalities in such firms. She argued:

While they may have placed Chinese "Confucianism" on the map of world cultures, the authors of the Confucian thesis reproduced a Eurocentric Orientalist formulation of Chinese culture, with its notion of radical separation and opposition between a traditional China and a modern West. By simultaneously valorizing Chinese "collectivism" and obfuscating the gender, ethnic, and other inequalities on which it is based, both Chinese scholars and China specialists obscured and, thus, implicitly supported a fundamental cause of the island's economic success -- its active, state-mediated embrace of a flexible form of capitalist accumulation that rests on exploitation of gender and other "traditional" social inequalities (Greenhalgh 1994: 748).

As far as Taiwan is concerned, the assumption of an essentialist Chinese culture has significant political connotations. Recently, the tendency of western anthropologists to identify Taiwan as part of China has also come under fire in Murray and Hong's (1994) review of social scientific research done on Taiwan. They argue that western anthropologists, by emphasizing the Chineseness of Taiwan, have overlooked unique characteristics of Taiwanese society. Worse yet, anthropologists, by replicating GMD arguments that Taiwan is part of China, have justified GMD hegemony over the island's native Taiwanese population and silenced domestic critiques of a regime imposed on them without their consent.

In all fairness to the earlier generation of anthropologists on the island, however, it must be remembered that Taiwan was under martial law until 1987.

Without legal protections of freedom of speech, informants and scholars alike were afraid to discuss such forbidden topics as Taiwanese identity or the February 28 Incident. Anthropologists of Taiwan are quite aware that ethnicity is a common way of manipulating people, and that all viewpoints have political implications (Gates 1987: 54). Murray and Hong, supporters of Taiwanese independence, merely take a different point of view from those earlier anthropologists who replicated GMD nationalist ideology. An unexamined conflation of Taiwanese and Chinese ethnic identity supports the view of proponents of unification. Unqualified assertions of a unique Taiwanese identity justify the views of separatists. Rather than getting involved in these domestic disputes, however, anthropologists are perhaps better off making transparent the political implications of both arguments.

Anthropologists of Taiwan are themselves highly critical of the shortcomings of earlier research, and are constantly in the process of redefining the field. In March 1997, an international colloquium composed of both Taiwanese and foreign anthropologists was held at Academia Sinica in Taipei to discuss the future of the anthropology of Taiwan. In what he called the "golden age" of ethnography on Taiwan, Stevan Harrell (1997) critically reviewed the era when a generation of American scholars went to Taiwan in search of traditional Chinese culture. He drew attention to three fundamental biases in the literature: cultural holism, adaptationism, and synchronism. Cultural holism refers to the working assumption that there is an essential Chinese culture, and that Taiwan is part of that integral, unchanging culture. Adaptationism was the related assumption that culture is given, and that anthropological studies need to focus on how members of

a particular culture adapt to different environments. There was little recognition that culture itself was subject to change. Synchronism was the assumption that Chinese culture on Taiwan had not changed much since late imperial China. These biases made it difficult to see unique characteristics of Taiwanese society, or how Taiwan has been influenced by Japanese colonialism, changes made by GMD rule, or contact with the West. One of the main goals of the colloquium, however, was to point out the shortcomings of early biases and point the way to new approaches which pay attention to unique characteristics of Taiwanese society.

The critiques of anthropology in Taiwan and elsewhere deserve attention. Many western anthropological works have been Orientalist and perpetuated racial and/or cultural stereotypes of the Chinese. The Confucian thesis especially often replicated and justified patterns of domination in Taiwan, including those based on gender, class, and the nationalistic hegemony of the GMD over Taiwan. These problems are not unique to Taiwan, but encountered as a natural part of anthropology in a post-colonial world. Some anthropologists have understandably become discouraged with the ethnographic endeavor altogether. No longer even trying to find objective truths about human societies, they instead focus on the ethnographies themselves, drawing attention to the partial nature and the constructed, fictive character of ethnographies as subjective interpretations of culture (Geertz 1973). Since objective social science seems impossible, they reconstruct anthropology as a humanistic project of "writing culture" (Clifford and Marcus 1986). Without rejecting their criticisms entirely, I think it is possible for anthropology to find a way out of its crisis of representation.

In this study of the Taiwanese leather industry, I

have attempted to do just that. As Chinese-owned tanneries in Taiwan and India are very different, with Taiwanese tanners far more able to expand and develop corporate organizations than their counterparts in India, I saw the need to look beyond culture to explain those differences. In the second chapter, I provided a detailed history of the industry, not only as background information for the ethnography that follows, but to demonstrate how the industry has been shaped by Taiwan's colonial past, its history of incorporation into the world economic system, and changes in Taiwanese political economy. Since one fourth of the world's population is Chinese in one sense or another, it is unrealistic to expect them to form a homogeneous whole. Instead, I have shown that their ways of life are influenced by local history, and the political economy in which they live and conduct business.

In the third and fourth chapters, I took a closer look at both family and corporate firms in the industry. This part of the study reveals two important things about the concept of culture. First, reified concepts of culture often overlook commonalities between different cultures. Family firms are not at all unique to Chinese societies, and are actually common in all economies. In both Taiwan and Canada, for example, about ninety percent of all firms are family enterprises. Secondly, reified concepts of culture also obscure differences within the cultures under study. In the Taiwanese leather tanning industry, there is a wide range of firm organization, including sole proprietorships run by individuals without family help, more stereotypical family firms, joint ventures between unrelated families, and stock-holding corporations. I found that these differences are explained less by culture than they are by the more materialistic considerations of the degree of capitalization available

and product type.

Cultural explanations, therefore, can do little to explain the structure of a particular industry. In chapters five to eight, I thus took a closer look at the areas of conflict obscured by culture, especially in the Confucianist discourse. In chapters five and six, I focused the role of non-family workers in Taiwanese tanneries. In chapter five, I examined how technological change in the industry created a new group of tannery workers unrelated to their bosses. All Taiwanese tanners, in fact, employ wage labour and workers far outnumber bosses. In chapter six, I look at the issue of class consciousness among the Taiwanese workforce. Taiwanese workers, it seems, do have a strong sense of class identity. Both Taiwanese capitalists and the Taiwanese state, however, have taken measures to prevent that class identity from turning into class struggle or conflict. The strongest such weapon was surely the GMD law that made labour organization a capital offense until martial law was lifted in 1987.

The Confucian thesis, by directing anthropological attention on the family dynamics of factory owners, thus neglects the role of non-family workers in the workplace. Ole Bruun (1993) and Ellen Oxfeld (1993), who both make strong Confucianist arguments, for example, devote significant attention to the owners of Chinese firms and neglect almost entirely the interests of the workers employed in such enterprises. Rather than elucidating problems of class struggle, therefore, their works overlook class inequality and reflect the patterns of dominance already found in capitalist enterprises. The ways in which cultural ideologies obscure class struggle have already been made evident in anthropological and historical studies of South Korea (Janelli 1993) and Japan (Bernier 1995, Gordon 1985,

Kondo 1990), but these issues have received far less attention in studies of Chinese enterprises, in spite of the fact that Taiwanese industrialists do discuss labour relations in cultural terms. Tanners, for example, often say that their tanneries don't need unions, because they already have good "gangqing" with their workers. Taiwanese scholars (Hsiung 1996, Shieh 1997) have done a much more thorough job than most foreign scholars of drawing attention to class relations in Taiwanese enterprises, yet far more work needs to be done in this area.

In chapter seven, I focused on the role of women in Taiwanese enterprises. Building largely on Greenhalgh's argument (1994), I found that women make significant contributions to Taiwanese manufacturing firms in terms of skills, labour, and capital. Their contributions, however, are rarely recognized by the community or, until recent years, in anthropological studies of Taiwanese firms. In recent years, however, women in Taiwanese family firms have received significant attention in the scholarly literature (Greenhalgh 1994, Hsiung 1993, Skoggard 1996, etc.). I took a step further, however, by looking at women outside of the family context. In the capitalist economy of contemporary Taiwan, many women have been able to found businesses of their own, and these individuals merit further anthropological research. The Confucianist thesis has generally served to draw attention away from gender inequality in Chinese-owned firms, and a focus on the family has made invisible the economic strategies pursued by individual women. Scholars writing in a feminist vein have done much to make such power relations visible, and it has been one of the goals of this thesis to contribute to that larger project of research.

Even as they draw attention to gender and class,

however, few anthropologists have doubted the received wisdom that the Taiwanese are Chinese. The differences between Taiwan and China are greater than those between Canada and the United States or between Germany and Austria. Yet, as Murray and Hong (1994) point out, most anthropologists have merely replicated the ideology that Taiwan is part of China. The Confucianist discourse as used in Taiwan thus overlooks Taiwan's national problem, replicating the ideological position of an earlier GMD and the present-day Chinese Communist Party. Since many of the people I interviewed debate the meaning of being Taiwanese, however, I called attention to these questions in chapter eight. The debates of Taiwanese people on national identity, and the influences of their international investments on Taiwan's place in Asia, are important issues that deserve anthropological attention. Without calling attention to the nationalist implications of Confucianist and other cultural arguments, anthropologists writing in that vein unwittingly take parts in a hotly contested political battle.

Cultural arguments neglect the very real institutional differences between China and Taiwan. Over the fifty years of Japanese occupation and more than fifty years of GMD rule, Taiwan has evolved a capitalist institutional framework that includes both free markets and private property rights. The investment strategies of Taiwanese tanners merely highlight the differences between Taiwan, where investors have been able purchase land and use it as they like, and China, where land is not subject to sale on the free market and private property rights are poorly enforced. These institutional differences, because they can encourage or inhibit growth, have major implications for investors, as well as for the workers

that work in the factories they build. The way in which Taiwan resolves its national question, moreover, will have significant economic consequences for both Taiwanese industrialists and workers, and the present state of uncertainty is hardly a favourable investment climate, especially as China has not yet abandoned the use of force as a solution.

In studies of industrial structure, therefore, culture is not an adequate explanation. Instead, it merits explanation in itself. To a large extent, culture is a potent ideological weapon. In Taiwan, I observed it being employed by the powerful in struggles of class, gender, and national identity. Yet cultural metaphors are also challenged, renegotiated, and reemployed by less powerful members of a society. Anthropology, as the only social science which requires its professionals to go out among the common people and listen to their ideas, is in a good position to study those ideological tools and render them transparent. By listening to a wide variety of people, from the CEOs of large corporations to the owners of small roadside food stalls, from professional scholars to common workers, anthropologists can better understand a society and the political and economic struggles of the individuals that live within it.

By setting aside orientalist stereotypes, anthropologists and other social scientists can contribute to a better understanding of the different historical and political economic circumstances that shape individual lives and decisions. They can also understand the common struggles that people around the world all face. People in all societies, although they may do so in different ways, all face the challenges of producing goods, reproducing families, and struggling to provide for the material needs of food, shelter, and clothing. Understanding the different ways in which we

do so is one of the most interesting challenges of anthropology. But we can do so without reifying the differences as unbridgeable cultures. As one female entrepreneur in Kaohsiung said, when I explained to her my research project, "People like to make categories, to create differences between people, but in reality people are all about the same."

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