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Capacity building for societal governance: managing knowledge for alternative development – an analysis of two cases in Taiwan

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Facing an accelerated trend of globalisation, industrial late-comers need to protect themselves from unfair competition from superior economies and bad consequences of rapid integration. As the tradition of the "developmental state" in many East Asian countries becomes less feasible, another model – "alternative development" – has been experimented with and has experienced some success in recent years. This article examines two cases in Taiwan to demonstrate how community economies might be reactivated without the strong hand of the government. In both cases, social entrepreneurs have governed the knowledge needed for local economies through a "platform" mechanism in a highly effective manner. The analysis challenges traditional wisdoms and indicates a reasonable policy alternative for inferior economies to survive global competition with the supportive but passive involvement of public administration.

Keywords: alternative development; community development; cultural conservation; social entrepreneurs

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Introduction

The surge of globalisation has pushed capitalism to different corners of the world, with significant consequences especially for the less competitive economies. Policy makers of such economies face a dilemma in seeking to survive the integrative trend of the global market. On the one hand, isolation from an increasingly integrated world economy leads to even less competitiveness and thus stagnation resulting from the lack of stimulation, external resources and opportunities. On the other hand, integration into the world economy exposes local economies to fierce competition from economies with superior conditions, including greater financial leverage, advanced technologies, stronger innovation ability and higher productivity in general. Integration without preparation can result in exploitation by the advanced economies.

One possible solution to this dilemma was the developmental state model following the success of Japan after the Second World War and other East Asian countries in the 1980s and 1990s. This solution embraced the liberal idea that industrial late-comers should integrate themselves into modern economies by identifying comparative advantages, increasing value in production and improving productivity, and thus enhancing their competitiveness (Amsden, 2001). A strong state was required that could strategically enable businesses to survive competition by manoeuvring market conditions.[1] The

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present reality, however, is that as globalisation has intensified with more free trade agreements signed and fewer barriers preventing free mobilisation of labour and capital among nations, the state has lost many macro-economic leverages to buffer the impact of globalisation, thus leaving the predominant issue of integration unresolved.

In response to these circumstances, another stream of thought – referred to as "alternative development" – has emerged for examining different means and degrees of integration into the western economy (Pieterse, 1998). This new approach challenges the emphasis on profit maximisation and the promotion of consumption to promote competitiveness, as addressed in the mainstream economic literature. Instead, it stresses values such as sustainability, environmental friendliness, stylish consumption and production, and social justice in the course of economic development (Gamble & Hoff, 2005; Hamstead & Quinn, 2005; Hopwood, Mellor, & O'Brien, 2005). It recognises that if there are enough customers sharing these values, production with such quality can find its differentiated market and thus become sustainable.

This approach of alternative development is proving increasingly feasible in different socio-cultural, economic and political contexts. Most examples to date, however, tend to be idiosyncratic in nature, such that a generalised theory is yet to be developed. Nevertheless, a common lesson from accumulated successful cases concerns the capacity of different localities to create a somewhat detached economy with distinguishing features. As long as local economies can find their niches to attract a small portion of mainstream consumers, they will have no problem in earning a comfortable living with multiple values pursued in their respective areas of activity. Their real challenge is how to discover or create such profitable niches.

Knowledge and alternative development

A critical step in adopting the model of alternative development is to identify the strategic potential of the specific locality involved. It is usually very difficult to cross this threshold because most localities look too normal, which poses problems and challenges in identifying potentially unique advantages for development. In response, two types of knowledge are essential to spark creativity.

The first type is local knowledge, including societal, cultural and ecological information of the locality (Ostrom, 1990). It requires a collective but subjective means of processing (including, for example, selecting, defining, applying, transforming and recreating) information among a group of people within a particular geographical area (Blaikie, 1997). This kind of knowledge provides basic material for a locality to sort out distinctive features from seemingly ordinary phenomena for development. Since it is culturally conditioned, individuals without shared values or experiences will usually have a hard time in recognising, comprehending and managing this kind of knowledge. This means that such local talent as artisans and intellectual seniors are usually the knowledge holders.

The second type of knowledge is scientific knowledge, without which the treasure of local knowledge might look obsolete and fail to become an asset for local development. For local distinctive features to become valuable, they need not only to be identified, but also to be "polished" and presented in a modern way that will be well received by the broader society and can be linked to modern life in a meaningful manner. This requires the infusion of scientific knowledge that is cultivated and accumulated in mainstream society.

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Given the importance of both streams of knowledge, it is logical to look for an "entrepreneur" who can provide the necessary integration by pointing out a direction for development, persuading community members to join the collective action of cultivating, transforming and protecting local collective assets, and finding a marketable niche for those assets. Of course, over time there have been cases of "heroic leaders" having emerged to create legendary stories of reviving declining economies (Adam & Johnson, 2006; Frumkin, 2002). But in most circumstances the work of merging the two streams of knowledge is appropriately that of less heroic and more humble social entrepreneurs.

The significance of this merging and the lessons to be learnt are explored below with reference to two exciting cases of alternative development in Taiwan. One case concerns the rejuvenation of the economy of a town in a rural area, while the other is about the conservation of historical buildings through the promotion of micro-business initiatives in an old urban area. Both involve the effective utilisation of traditional culture in the development of the local economies as examples of community self-governance of knowledge and prosperity with the supportive but passive involvement of public administration.

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The "Sky Yard": revitalising a local economy by cultural tourism

Globalisation together with capitalism has penetrated many rural places and caused desperate stagnation. Given the low value of agricultural products and limited jobs in stagnant local economies, places without special resources tend to suffer from poverty. Younger generations continue to migrate to urban places for better career opportunities. Emigration of this sort strikes local economies by depriving them of the capacity for possible development. Local shops lose business and are forced to shut down, while traditional crafts and skills are also threatened.

Such tendencies seem irreversible unless there is an effective intervention by various forces. The government is usually expected to be the primary source of intervention (Watson & Morris, 2008). Nevertheless, evidence suggests that governmental intervention has often had quite disappointing results. One reason for this is the lack of financial resources to manage similar problems in many localities (Bates, 1981; Peters & Pierre, 1998). Another possible reason is that germane policies have often adopted a broad brush approach to the management of a wide range of issues in different localities. Without being tailored to idiosyncratic conditions, including specific needs, preferences, strengths and weaknesses, a top-down proposal usually fails to serve as a workable solution. As an alternative, it is frequently more desirable to have initiatives from the grassroots, accompanied by strong local participation to ensure that local diversity can be taken care of.

In a place suffering from emigration of residents, grassroots engagement or a self-help approach are simply too much to hope for. In many such places, there are often only senior citizens who tend to be less educated and conservative and thus less able to propose any innovative initiatives. How to encourage emigrants to return to develop their careers in their home towns, or how to attract the engagement of external talent, becomes a major challenge.

Until a decade ago, Jhushan (literally "bamboo mountain") – a typical town with fewer than 6000 residents – was such a place.[2] In the middle of Taiwan, this town once had quite prosperous food processing and bamboo product manufacturing industries, but as plastic utensils prevailed, bamboo products lost their competitiveness (Chiang,

2009). Although it is on the route to many famous tourist attractions, the increasing tourism of its neighbours had no spillover effect on its economy. Like many other towns in rural areas, Jhushan was waiting for a chance to rejuvenate.

A young dreamer, He Pei-Jun, initiated the change.[3] In his second year of university study, he found an abandoned traditional 100-year-old mansion on a remote mountainside in Jhushan. He was fascinated by traditional housing and believed that somebody should do something to keep this building functional, to keep alive such artistic beauty in the daily life of the town. He sought to realise his dream of repairing this old building by taking courses in traditional architecture and the running of home-stay lodging businesses. Subsequently, on completing military service after graduation, he took out a loan and encouraged his cousin, who shared his passion for architecture and enthusiasm for traditional culture, to join him. Together, they spent a year repairing and remodelling the mansion using local materials, with an emphasis on fitting the building into the beautiful mountain environment. Thereafter, they started a home-stay business called the "Sky Yard", which, with its cultural attractiveness, accorded with the baby boomer generation beginning to miss the beauty of old surroundings that were familiar in their childhood but long since missing from their lives.

While initially staggering, the Sky Yard soon got endorsement from a famous environmentalist singer, Matthew Carl Lien, who produced a prize-winning album at the mansion. With the same title – "Sky Yard" – the album attracted intense media attention, which guaranteed very good business for the Sky Yard.

The success of the Sky Yard drove He Pei-Jun to draw a bigger picture regarding the economy of the whole community. He appreciated that the lodging business would not last long if there were no other tourist attractions and, accordingly, that it was important to promote other businesses in the town with the aim of all supporting each other. The main theme to connect all of the businesses was traditional culture, with the home-stay business being a good starting point to conserve, reactivate and renovate the obsolete style of living in the town.

The successful lodging business created demand for dining and recreational businesses. Through this spillover effect, other ideas of cultural renovation began to be addressed. It was recognised that, since the lodging tourists were there in person, it would be a great chance to educate them by immersing them in the atmosphere of a traditional rural town while at the same time stimulating local residents to self-educate themselves to make good use of the once obsolete objects of the community.

Several new ideas were put into practice quite successfully. For example, to provide meals to tourists, the "Happy Lunchbox" was introduced as a dining and local handicraft business. Every guest of the Sky Yard is provided with a meal comprising locally grown food produced by neighbouring farmers. The meal container is made of bamboo, thus utilising traditional craftsmanship of the locality which had been prominent in the 1960s. The box is wrapped in another traditional handicraft, a piece of cloth with a traditional floret print. After each meal, lodgers therefore have a collection of souvenirs that reinforce the memory of their stay in the town.

In addition, He Pei-Jun turned other abandoned buildings into functional facilities. He rented and remodelled an abandoned farmhouse and turned it into a self-help hostel for backpackers. While the Sky Yard is aimed at middle-class families, the hostel mainly serves the younger generation who have the potential to engage in local business ventures. Furthermore, he turned an old tea factory into a multi-functional information centre that not only provides information for tourists but also serves as a classroom of local culture for local and incoming business partners.

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In the effort to collect innovative ideas, He Pei-Jun realised that local seniors could be skilful artisans who put ideas into practice, while not themselves being the source of the ideas. Innovators were needed to be sensitive to new technology and to the fashion and preferences of the mainstream society. His creative solution was to set up a brokering company, named "Townway", to attract external talent to engage in local development.

The basic idea of the company is to treat tourists as sociologists and potential business partners who might have specialties that can contribute to solving local problems. The company offers a chance for tourists to pay their lodging fees by labour or expertise instead of normal currency. This offer has become especially attractive to college students who are lacking in money but rich in time and ideas. They are also the most energised population, keen to accumulate work experience before they start their careers after graduation. In response, with the aim of identifying and mobilising talented young tourists and matching their expertise with local needs, a website was set up with a list of community tasks and provision for interested students to register and be considered for community service.

The engagement of college students has given traditional craftsmanship a new lease of life. For example, the blacksmith shop, which had been on the main street providing agriculture tools for about a century, was on the verge of bankruptcy because of the mechanisation of farm work. To fit this traditional craftsmanship to tourism, the blacksmith turned to producing rings designed by tourist volunteers. Similarly, the comforter manufacturer turned to producing floret cloth and became a wrapping material supplier. Also, with the assistance of the students, the rice cake bakery developed some new products to attract urban consumers. Many old stores like these were eventually transformed into a mutually supportive chain of souvenir producers to collectively create a wonderful travel experience in Jhushan, and thus revitalise the local economy.

To further develop the town, He Pei-Jun established a training centre to encourage those who had emigrated to return and set up businesses in their home town. For some time through speeches at colleges he had promoted the idea of taking advantage of running businesses in the countryside. In addition to lower costs in rent and labour, the emerging trend of "participatory tourism" involving the learning of new skills while on vacation has resulted in micro-business ventures in rural areas attracting more external resources.[4] Most importantly, micro-businesses in small towns can constitute a set of mutually supportive networks with a collective interest in marketing together.

The results of He Pei-Jun's effort have been impressive. The stay-labour exchange programme has involved more than 800 participants. And since the opening of the Sky Yard in mid-2006, the number of tourists annually in Jhushan has increased dramatically from 56,000 to over 1.5 million (Ministry of Economic Affairs, 2012, pp. 14–25).

The "Art Yard": revitalising a historical district by micro-cultural industries

Dadaocheng (大稻埕, literally "big rice-drying field") is a district full of historical legacies. Located outside of the North Taipei city walls, it was the most prosperous commercial district in Taiwan about two centuries ago. It was the juncture of the ocean cargo line (with a pier along the Tamsui River) and the railroad line (with Taipei Station) across the island. This position made it a major collecting and distributing centre for tea (for export) and dry goods, Chinese medicine and cloth (for import). Foreign merchants flocked there and built Baroque-style mansions, while newly rich locals competed with them to form a whole bloc of "modern" commercial buildings.

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In the era of Japanese rule, the colonial government intentionally promoted another business district in town by constructing Japanese-style buildings there. This left Dadaocheng as a commercial district purely for the "Islanders" (本島人), such that the building style in the district was maintained throughout the colonial era.

Although governments over the years had recognised the value of these historical buildings, they failed to manage the crisis of decay. Since many of these buildings were more than 100 years old and had not been maintained properly, they had deteriorated quite considerably. Many new districts in other parts of the city were emerging to distract the flow of customers. Without fancy buildings or attractions, this district suffered an overall decline in business. This resulted in many shops being left vacant, further threatening the maintenance of the buildings.

Neither the public nor the private sector had been willing or able to assume responsibility for maintaining the collective assets. On the one hand, most of the buildings belonged to the descendants of local capitalists. The holding of the property rights was dispersed, making any chance of maintaining the buildings a complicated process of negotiation, especially when the commercial values were hard to realise. On the other hand, it was simply too expensive and onerous for the relevant government agencies to take over the properties or to do the maintenance work.

In 2008, an interesting mode of governance emerged to create a bloc of micro-cultural industries to revitalise the district and thus conserve the historical assets. The key person who initiated such an experimental practice was Chou Yi-Cheng (周奕成). In 2008, he retreated from his political career and first became engaged in a cultural industry with a ceramic artist. In his efforts to promote the particular brand of pottery products, he adopted a strategy of enriching the products with indigenous historical elements rather than fabricating superficial stories. This made him sensitive to local historical events and the sites associated with them. Dadaocheng has been the one most fascinating to him.

Chou Yi-Cheng found this place ideal for the exhibition and selling of the works of young local artisans who had just started their businesses. For example, since it was an aging area and not popular for other businesses, the rents were much more affordable for beginners. Also, because of the aging atmosphere, it gave the traditional handicrafts the strength of historical linkages. The streets were full of stylish old buildings that carried the spirit of diligence and prudence, telling many unique stories of the city. Such sentiment echoed the recent trend of retro styles and reminiscence that fit the needs of enriching cultural industries with historical legacies.

In response, Chou Yi-Cheng started a company as a transaction mechanism for the artisans and the owners of the buildings. The main task of the company was to get affordable storage space for starters of micro-cultural industries. Since the owners were successors of successful businesspeople and were trained to be prudent in agreeing any deals, Chou Yi-Cheng's detailed plans and rich personal networks made him a trustworthy person who was sure to take good care of the building and pay the rents on time. Once spaces were made available, he arranged a set of diversified cultural industries to make them complementary to each other with similar retro styles. Along with his own pottery shop, many micro-cultural industries were included, such as an indigenous costume shop, a cloth shop, a gift wrapping store, an antique bike store and a specialist bookstore.

The main idea of clustering many micro-cultural industries in this way was to create a space functioning as a tunnel to lead visitors back to the scene of the 1920s when Taipei, together with many cities worldwide, was progressive, prosperous and

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politically active. The cluster of small stores together also created a public space for discussions on cultural events, for collaboration among artists and for dialogue between customers and artisans.

Since the first experiment proved to be a great success, Chou Yi-Cheng proceeded to set up the second and third clusters in the area. His aim is to have 15 clusters to cover many corners of this old commercial district, in the belief that 15 is the magic number for creating a critical mass that will ensure the whole district is conserved by such micro-cultural ventures.

As long as the buildings are in use and the owners earn rental income from them, the buildings will be properly maintained. This ensures not only that young artisans have an affordable place to develop their careers, but also that citizens have an art district to enjoy in their leisure time, while citizens as a whole can benefit from the preservation of the historical buildings.

A key success of the "Art Yard" lies in it being a feasible model for reactivating a local economy. At the same time, it constitutes a new mode of managing an art zone in which young, poorly financed artisans can get together to create magnificent works before they actually become famous.

By being located in these historical buildings, the artisans are likely to be safe in the mode of "conserving through commercial operation". Since the buildings belong to individual private families, with dispersed ownership, it is hard for them to become real estate targets for the government or big developers who might seek to rezone the district to serve other purposes.

Discussion: "social entrepreneurs", "platforms" and "hands-off government"

There are several similarities in the two cases analysed here. Three of the most prominent are worth highlighting.

The first significant similarity is the role of social entrepreneurs in designing and operating the necessary governance arrangements for alternative development. Such an entrepreneur has been crucial to the success of both the Sky Yard and the Art Yard, as is clear from the pivotal roles played by He Pei-Jun and Chou Yi-Cheng, respectively.

The second important similarity in the two cases is the application of "platforms" as the governing mechanism for generating and utilising the knowledge necessary for development. A key challenge of alternative development is to identify and integrate the two essential types of knowledge: local-cultural and scientific. Since an individual can seldom provide and use both types of knowledge at the same time, it is necessary to devise means of attracting input from different sources with different incentives and interests. In the case of the Sky Yard, a platform is in place involving local ideas and initiatives along with the contribution of tourists as a form of participatory tourism. In the case of the Art Yard, a platform is provided for the local artisans, building owners and local art lovers (consumers and commentators) to facilitate the burgeoning of new ideas. These platforms work like, but beyond, a marketplace. They provide a matching mechanism for demanders and suppliers to pursue their own interests basically in harmony with one another.

The third notable similarity between the two cases is the significance of a self-constrained public sector in relation to private initiatives of particular community concern and importance. There have been numerous cases throughout Asia and beyond in which the intervention of over-zealous governments has eventually ruined the incentives of public-spirited citizens in providing public goods on a small-scale, incremental

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basis. A specific common lesson of the Sky Yard and Art Yard cases is that the state can actually contribute to significant local development by consciously not getting involved – in essence, by being supportive but passively so, if only in the sense that state-provided infrastructure, including roads, water and sanitation systems, and electricity facilities and services are provided and maintained to facilitate local initiatives.

Conclusion: small as a beautiful alternative

In an era of globalisation which emphasises competition and economies of scale, the success of the two cases discussed here could well seem unusual. However, by examining them from the perspective of alternative development, their success becomes quite understandable (Gibson-Graham, 2008). While the two entrepreneurs involved might initially have been thinking only or largely of their own interests, they have both been and remain passionate dreamers with a very keen appreciation of the need for collective action in the provision of public goods through which both public and private interests can be pursued and realised.

Although a limitation of alternative development as a mode of development might initially appear to be the confined scale of its impact, small-scale initiatives can have some significant advantages. There are lower transaction costs, more intimate social relations among members and a fairer distribution of the fruits of development. As other innovative developments like the two cases analysed here occur in different areas of a country, the accumulative impact on overall economic performance can be substantial. While such initiatives do not preclude continued adherence to classical ideas of economic development, their success is indeed encouraging in highlighting the value of alternative modes of development.

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Notes

1. Definitions of a developmental state have varied. For a thorough discussion, see Woo-Cumings, 1999.
2. Jhushan Township Household Registration Office (竹山鎮戶政事務所), accessible at http://jshr.nantou.gov.tw/CustomerSet/032_population/u_population_v.asp?id={62ECB0F9-5042-417D-8CFF-86265928FAA8}.
3. Accessible at http://www.ctitv.com.tw/newchina_video_c134v139344.html, "Sisy's world news" (中天的夢想驛站).
4. Interview video accessible at https://www.youtube.com/watch?v=gRhcz2DMswI.

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