



CHINESE INDUSTRIAL CO-OPERATIVES

Northwest Headquarters Report

September, 1938—March, 1939



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NORTHWEST HEADQUARTERS REPORT

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Chief Co-operative Organizer.

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Technical Expert and Adviser.

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CHINESE INDUSTRIAL CO-OPERATIVES

FOREWORD

The Chinese Industrial Co-operatives were organized in August 1938. The plan was first developed in Shanghai by a group of patriotic Chinese and European friends of China. Seeing the wholesale destruction of 90% of China's industrial plants they knew that some way must be found to provide the country with manufactured goods and to stop the otherwise inevitable infiltration of Japanese goods on which the invaders count as a strong factor in winning the war. They saw that the morale of the army and of the people would be sapped by the lack of the essential manufactured goods of daily use; they realized that the great hordes of refugees (a recent estimate places them at 60 million) who had descended on the rural population must be kept alive and at the same time prevented from disorganizing the whole economy of the land. They knew that these people had a tremendous potential contribution to make toward the solving of the nation's problems.

The solution they decided, therefore, was industrial co-operatives,—30,000 industrial groups organized according to the co-operative rules, manufacturing goods in small scattered units, reasonably safe from bombing, and mobile enough to evacuate and start up elsewhere if the necessities of war should force them to do so.

The plan was adopted by Dr. H. H. Kung, President of the Executive Yuan, and was backed by the Generalissimo's Headquarters. With the encouragement and help of Madam Chiang Kai-shek work was started in September, 1938.

Now after seven months of work there are over 455 co-operatives registered in the central headquarters. Due to the difficulties of communication, where a letter from

a regional headquarters to the central office may take a month and a telegram ten days, news does not come in very fast. That there are more co-operatives than are registered is certain. On an inspection trip to a remote depot three co-operatives were seen. There were thirteen one month later, when the return trip was made, and twenty-three were in the process of formation.

These co-operatives are operating from five bases placed at strategic points in the country, for the Northwest in Shensi, for the West in Szechuan and in connection with the Central Headquarters, for the Southwest in Hunan, for the Southeast in Kiangsi, and a fifth one for the far West in Yunnan. In these centers the organization is now far enough advanced to care for, not only the societies already formed, but to set up any number in the surrounding districts and provinces.

In the Central Headquarters in Chungking, K. P. Liu the Secretary General, an administrator of much experience, co-ordinates the work of the organization and its general policies. Rewi Alley, technical expert and adviser, a New Zealander who has spent many years in China, is constantly in the field, inspecting, planning and encouraging. F. Y. Lem, the Engineer in Chief of the Chinese Industrial Co-operatives has spent most of his time in the Southwest battling with the problems presented by that refugee over-run section. K. M. Lu, Co-operator in Chief has been in the Northwest and with him has been C. F. Wu, the second of the engineers.

Since the first co-operatives organized in September 1938 were in the Northwest the work there is further developed than in any of the other sections. The first half of the following report was given in January by K. M. Lu during a short business trip to Hongkong and the second half was given by Rewi Alley in March on his return from a trip of inspection to this same area.

—Left to right: C. F. Wu, 2nd Engineer of the Chinese Industrial Co-operatives; Rewi Alley, Technical Expert and Adviser; K. M. Lu, Chief Co-operative Organizer.



