

# CHINA'S ADJUSTMENT TO A NEW SITUATION

*By Mrs. Francis B. Sayre\**

The basic facts are these. Five to seven U. S. dollars will give one Chinese worker employment. Using the economically sound principle of cooperative societies, the money is used as a loan at 6-8% interest, handled through the International Committee with an office in Hongkong. When the loan is repaid, the money is assigned to still another project.

The Technical Adviser is Mr. Rewi Alley who, for a number of years, was familiar with the great industrial areas in Shanghai, as Factory Inspector for the Municipal Council. Under his direction, four main centers have been set up in free China. Thousands of technicians and skilled workers, forced out of employment, have been enabled to earn a livelihood for themselves and their families.

Vast areas of China have been opened to industrial advance along simple lines. More than 1300 cooperatives are now operating, including units for tanning leather, building small boats, making matches, candles, soap and leather goods, for weaving, spinning, knitting, printing, mining coal and iron, gold washing, flour milling, producing sulphuric acid for converting vegetable oils into fuel substitutes, for making alcohol, shoes, clothing, medical cotton, ceramics, and operating machine shops.

Because it is impossible to keep fifty million people on relief, we believe employment is the only solution. Cooperative societies fit, psychologically and socially, into the Chinese economic situation. The rapidity with which the idea has spread has definitely proved its value in assisting the Chinese people to help themselves.

The aim is to establish 30,000 cooperatives. Our hope is that the method may re-make the entire economy of China, lifting the levels of living for millions of people, utilizing great untouching natural resources that can be made available, and helping to relieve the combined horrors of homelessness and lack of work. This plan has a national Constitution, worked out by a League of Nations' Adviser, by Rewi Alley, by competent Chinese engineers, and by American Professors in Chinese universities. In spite of their rapid growth, the units are being linked together to form a great national enterprise, meeting local needs and solving a country-wide problem.

The industrial cooperatives are China's adjustment to a new situation. De-centralized and mobile as they are, the units have offered amazing opportunities, for well-trained technicians and organizers, to grow a new and greater China. They are directly in line with the promotion in China of democracy on a grand scale. Every cooperative

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\* Wife of United States Commissioner to the Philippines, (Radio Broadcast on Feb. 20, 1940 over Stations KZRH and KZRF, Manila).

worker is an owner, and therefore a leader, in his new task. A new social consciousness is evident in the vicinity of each unit. The Chinese loyalty to family and clan, is spreading to what might be called in the west "community welfare." The nation is being bound together by a common, unified economic program.

It will be interesting to Americans to learn that two Chinese engineers, developing the industrial cooperatives, are graduates of American schools and have been splendidly trained in the Ford Motor works. This would seem to point in the direction of Mr. Henry Ford's dream of decentralizing modern industry. These two engineers are among the best in China. They gave up higher-paid positions, to pioneer in industrializing interior China. Another adviser is "Jimmie" Yen, well-known in America for simplifying the study of the Chinese language.

In the face of a world of destructive energy, the dramatic quality of the work of industrial cooperatives in China is fascinating, especially when we can share in promoting it. The movement is epic in its possibilities. To save millions from poverty, disease, despair and death, as a result of their own efforts, is a masterly way to prove the power of creative human enterprise.

Only capital is required. There are plenty of raw materials, plenty of skilled workers, the market is wide open for finished goods. Every dollar received is put to work at once. Everything produced is sold immediately.

As an example of how rapid the development of the idea has been, here are a few details. The first industrial cooperatives were created in Shensi, near Sian. Mr. Alley and a Chinese associate, took a thousand refugees there, from four different Provinces. Three days after their arrival, a group of blacksmiths set up a cooperative foundry. The second unit was made up of 30 stocking knitters, who carried their knitting machines from Sian. Next came a soap and candle cooperative of 12 members, and fourth, a printing cooperative. Within two months, forty cooperatives were operating, and the soap and candle makers had paid back \$500 of the \$2000 capital, loaned to them.

Another illustration is that of inmates of a Buddhist Hospital for opium addicts, who came saying they smoked opium only because they could get no work to do. They asked for money to start a flour mill, beside a mountain stream. Now they are effecting their own recovery, in healthful employment.

Christian groups have organized into cooperatives in many sections, including the territory controlled by the Eighth Route Army. One group of 700 organized, and reported their qualifications. They were given a capital loan of \$40,000, and formed cooperatives for weaving, spinning, chemical work, tanning leather goods and metal-working. Their evangelical spirit has been extended to economic uplift of a most practical variety.

It is estimated that \$1.00 put to work in industrial cooperatives is worth \$100 of any other kind of production, or relief. Prices for all goods are high because of the demand, and therefore small industries can thrive quickly.

The local cooperatives are self-managing — and therefore democratic. The chairman and committee of directors are elected by the members, and no one can buy more than 20% of the shares. Wages are decided by vote of the members, in harmony with the state of the finances. This first, actual, experience in democracy, can easily prove the needed transition step for China's advance toward the republican form of government.

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**THE PHILIPPINE ASSOCIATION  
FOR INDUSTRIAL COOPERATIVES IN CHINA**

*Secretary*

**MRS. W. R. BABCOCK**

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