

The Promise of China's Co-ops

Edgar Snow spends some time at headquarters of the largest of the five regional offices of Chinese Industrial Cooperatives. Their great accomplishments and their greater possibilities.

PAOCHI is regional headquarters for ten "Indusco" depots, which now embrace over four hundred cooperatives reaching all the way from the Szechwan-Shensi border northward to the Great Wall at Yulin, and from Lanchow in western Kansu to guerrilla areas as far east as Shansi and Honan. It is an immense territory, five times the size of France, and the largest covered by any of the five regional offices of Chinese Industrial Cooperatives.

This little town was at the beginning of the war a sleepy hamlet where muleteers and camel pullers dumped their loads at the terminus of the Lunghai Railway, but it now has about seventy thousand inhabitants and all the bustle of a frontier boom town. It grew so fast that before the new "outer" gate was finished it was in the center of the city. There is a Wild West shaggy look about it, with the muddy streets full of mules, horses, carts, camels, trucks, and marching men. By a stroke of good fortune it has one of the most enlightened magistrates in China, and his enthusiastic support helped the cooperative movement to take root quickly, and win for the town the nickname *Kungho Ch'eng*—Indusco City.

Here within a year after Lu Kuang-mien, a cooperative expert and graduate of Edinburgh University, arrived to open an office, I found "Indusco" proudly operating its own wholesale and retail stores, its own clubhouse, equipped with the only shower baths in town. Cooperatives in the vicinity were making shoes, canvas bags, clothing, tools, soap, dyes, electrical goods, confectionery, military uniforms, leggings, canvas cots, tents, blankets, etc. The cooperative store was the largest in town, and when I visited there carried over two hundred different articles, representing the work of sixty-three shops and factories. Subsequently it was partly destroyed by bombing. But the members took it philosophically. They remarked that the Japanese had saved them the trouble of pulling down premises already too small, and proceeded to rebuild on a larger scale.

Paochi's big cooperative store was under the general direction of the Union of Cooperatives, but since most workers had a limited business experience, the headquarters staff helped manage it. Three members of the board of directors were from headquarters, and four were elected by the Union. Retail sales were averaging \$5,000 a day and wholesale business was larger. While I was there the army bought \$100,000 worth of medical gauze and \$24,000 worth of clothing. Not long afterward it ordered 250,000 woollen blankets, thirty thousand pounds of bandages, thirty thousand pounds of medical cotton, and thousands of greatcoats and stretchers. None of these necessities had been made

locally until "Indusco" entered the market.

Rapid expansion placed quite a burden on the headquarters staff of forty-six experienced organizers and technicians, but they were recruiting help through a training school which had already graduated sixty-one men and ten women. These young people, paid the equivalent of but one or two American dollars a month, wore cotton shorts and shirts and straw sandals, and ate and lived like the peasants among whom they went forth to preach cooperation. In Paochi both headquarters and depot staff members dwelt communally in modest dormitories, where their food cost very little. The shower baths, a luxury adjoining the clubroom, were gravity-fed arrangements made of Standard Oil tins, with little knobs that adjusted the water flow. You got a bath for five cents.

One morning when I was sitting on my cot eating a bowl of puffed rice—an "Indusco" product—a bright-eyed young woman wearing a boyish bob and a blue cotton gown came in diffidently and introduced herself as Jen Chu-ming. A graduate of the London School of Economics, Miss Jen was head of the Women's Work Department of CIC, and "the best man around here," as somebody put it. This gallant little lady had just returned from a month's hard travel in Kansu and Shensi, where she had been setting up literacy and training schools. She thought nothing of personal hardships and adventures which a generation ago no Chinese woman would have dreamed of facing alone; she was interested only in talking to me about her work.

Here in the ancient valleys of the Wei and the Han and in the loess villages in fields of waving wheat, thousands of women and children came to a halt after fleeing hundreds of miles westward from the Japanese or from lands flooded by the Yellow River. They lived in marshed villages besides natives of the province who were themselves often as poor as the refugees. Hsin (district) government gave them rice, but nothing more. Jen Chu-ming had the novel belief that these people could be organized into an asset of the state. She and her four assistants—five girls to tackle two vast provinces!—began their mission first with refugee children, for whom they conducted primary schools. Sometimes they used cooperative premises; sometimes the open fields were their classrooms. In six months they had organized nineteen classes and had recruited volunteer teachers to lead them. Besides literacy, the homeless and the orphans were taught arithmetic, geography, hygiene, progress of the war, songs of freedom—and cooperative principles.

Miss Jen said that while mere eagerness to learn enabled them to organize the children quickly, this did not work with women.

"In woman ignorance is a virtue," an old Chinese proverb says. Women in the Northwest are still very conservative, many have bound feet, and tradition teaches that woman must obey man, and take no step without his consent. In one village a woman who wished to join a cooperative and learn to read was beaten by her husband with a cattle whip. Everyone from the magistrate down agreed it was the proper method of chastisement for a "rebel wife."

"So we turned to recreation and told jokes and stories of mothers and wives who understood the cause of their nation, and who urged their sons and husbands to join the fight," Jen Chu-ming explained. "We told stories of brave deeds done by girls. We found these tales very effective and stimulating. Thus we came back to the traditional Chinese way of teaching morals and conduct—by stories of sacrifice and heroism."

To win acceptance for cooperatives in the village it was necessary to bring local women into the movement as well as refugees. Once Miss Jen found some destitute families living in caves only a short distance from middle class village women who were quite unaware of their neighbors' misery, but who were idle themselves and wanted something useful to do. She organized training classes for both groups; and both formed cooperatives.

Jen Chu-ming's work had gone just far enough to demonstrate its possibilities. After nine months of teaching, she and her assistants had organized twenty-one co-ops involving approximately six thousand women. Although only a small percentage of them had yet found the courage to make the deep plunge of buying shares, by risking an investment of a dollar or two, they were learning about a new mode of production, and seeing and hearing things nobody had bothered to explain before. Two textile training schools had taught over one thousand women how to use improved spindles and looms, and many of these were teaching others, in after-work classes, what they had learned.

The transformation wrought in the human lives affected was startling. The women were discovering a new way of living together; for the first time they felt a purpose in life, a sense of belonging to a group. For the first time they worked for a larger personality than a "boss" or the family or just themselves. Many made contributions from their tiny profits to the soldiers at the front. Some of them voted to give all overtime free to the making of comforts for the troops. The war began to take on reality and acquired a meaning in their own future.

No wonder Miss Jen wished for a million dollars instead of the twenty thousand then allotted for her work. From the government she received no direct help, but Mme. Chiang

Kai-shek granted her the sum mentioned out of relief funds raised overseas. The miracles of economy accomplished in China are, expressed in terms of foreign currency, quite incredible unless you see them yourself.

I gave some small change to Paochi's "Indusco" orphans' training school—only about thirteen US dollars—which I was later amazed to hear had purchased winter suits, coats, and underwear, "Indusco" products for twenty-two boys! Miss Jen set up her first spinning and weaving cooperative, of forty persons, for the equivalent of only about \$300 (US money). This figure included the cost of food and books for the forty women during a preliminary training period of two months, and the wages of four teachers *as well as* the capital investment in fourteen spinning wheels, four looms, initial raw material, and the rental of a farmhouse for workshop-school-room.

I visited cooperatives in Paochi for a week, but I never saw the last of them. Several new ones were formed during my stay there.

There hung in the distance, however, the major question of a post-war future for small-scale industry, and the danger of its obliteration by capitalist competition. For the moment this presented no urgent worry. Men recognized that "Indusco's" first task was to help win the war. Everybody agreed that if China is conquered no Chinese industry, cooperative or otherwise, could live. But the co-op workers as well as staff leaders were thinking about tomorrow.

The Northwest headquarters staff and the Union were already discussing a plan for funding all their assets in a regional treasury, to be operated under a board of seven directors, the Union to elect four and the headquarters to appoint three. It would eventually take over all co-op loans and conduct a general banking and insurance business, becoming the common depository for all "Indusco" units. Control of the stock would reside in the co-ops themselves, which would be obliged to purchase shares to the extent of 20 percent of net profits and 5 percent of gross profits. When a National "Indusco" Union was formed the Northwest regional treasury would merge into a national treasury, itself conceived as forerunner of a National Industrial Cooperative Bank.

Opposition to such ambitions from political groups affiliated with the bureaucracy, the gentry, and industrial capital, may be expected to increase. Government policy favors state monopoly of war industry and communications, and private capitalist control of other industry. Until "Indusco" fought its way to national recognition, in fact, government planning identified wartime "industrial reconstruction" almost exclusively with the concept of industry and capital concentrated in a few big cities of the Southwest. The idea of decentralized industry built over the widest possible areas found few sponsors among government economists; and worker-owned industry probably never occurred to them at all. But the success of "Indusco" makes it quite clear that if cooperative in-

dustry is allowed to compete for capital and markets, on equal terms, conditions in Free China give it the advantage over old type private or family-owned industry. It may also compel the government to increase wages and social services in order to help skilled labor in state industries. Hence, the government may in the future either fundamentally revise its concept of industrialization, or exclude co-op enterprise from certain types of industry. The latter procedure might be fatal, as co-ops cannot be secure until they possess their own primary and servicing industries. The problem is not yet acute, however.

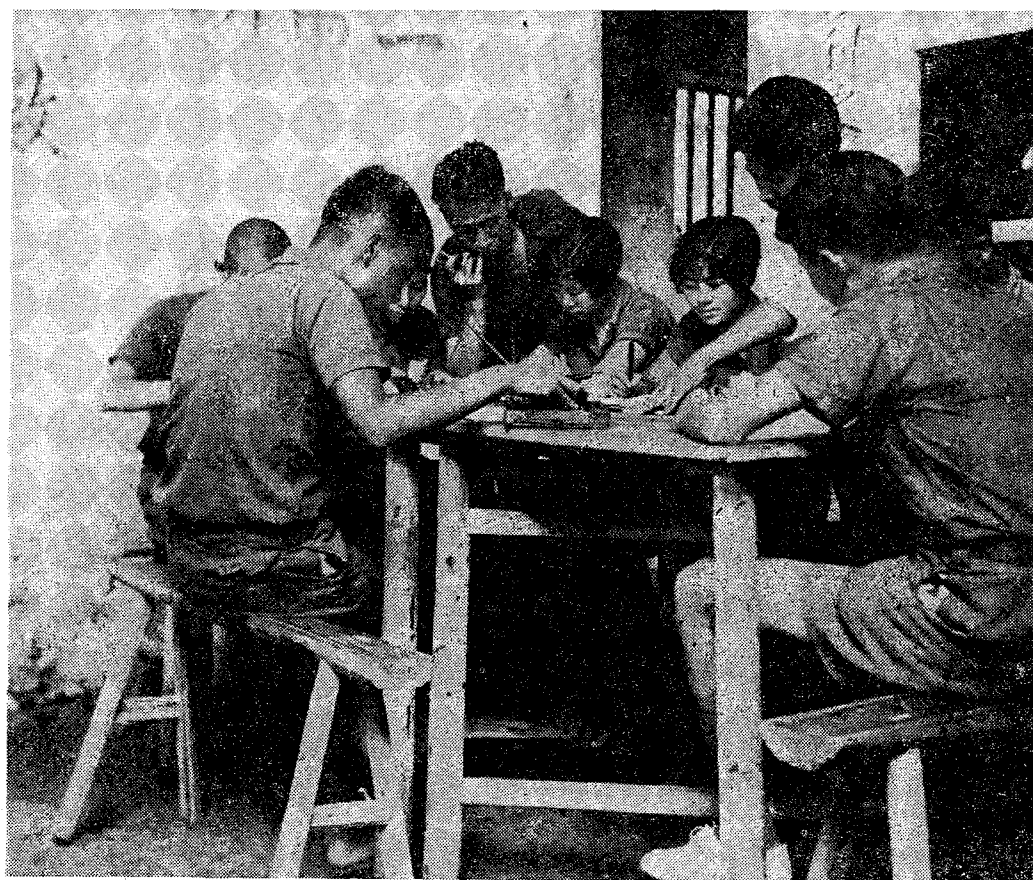
It once seemed possible that Washington might get rid of some of its embarrassment of gold by extending a loan to the American Committee for Industrial Cooperatives in China—in which case political opposition would dissolve, and the survival of "Indusco" would be assured. Such a loan would so stimulate production in Free China that it would virtually add a new nation to American export markets. It was hard for Chinese to understand why Congress cannot see that, nor did my explanations satisfy them. I used often to talk with Wu Ch'u-fei, a Michigan graduate who was chief engineer of the Northwest headquarters, about what could be done in China for the price of an American battleship. The average American woman spends every month on cosmetics and beauty aids alone a sum which would provide food, clothing, shelter, education, and a job in cooperative industry for a Chinese woman. It seemed to me life's strangest contrast in

human values when I realized one day that the payoff which the Mdvani boy got from Barbara Hutton could, if given as a loan to this organization, provide fellowships and a means of livelihood for one million men and women in China.

This Wu Ch'u-fei, a power plant expert, was, among other things, experimenting in the manufacture of beer, and I expect to hear of a cooperative brewery there any day now. "Indusco" was already marketing a Rare Old Port Wine, according to the claim of the labels adorning the bottles, which added in proud, 24-point type, "Established 1939." A co-op confectionery somehow fell heir to large quantities of Shansi grape juice, but nobody could be induced to drink it under that name. It was now in great local demand, following the addition of a little syrup and alcohol, as foreign port.

One day I went with Wu to a meeting of organizers and workers, where to my bewilderment I heard the crowd giving a co-op song to a tune associated in the memory of every American with the "hoochy-koochy" dance. I accused Wu of corrupting local morals by introducing burlesque hall music, but he denied responsibility. It seemed some young people had heard it in Christian "sings" and adapted it to their own uses. We decided to remedy the situation and, together, wrote some Chinese verses to the tune of the *Budenny March*, which we introduced in a duet at the next meeting. It was in the groove. Before long I saw it printed in co-op publications throughout the Northwest.

EDGAR SNOW.



LEARNING THE PRINCIPLES OF COOPERATIVE ACCOUNTING. A group of young men and women are keeping track of the accounts of one of China's new industrial cooperatives.

The Negro Chooses

AN EDITORIAL

ON Monday, October 21, James W. Ford, vice-presidential candidate of the Communist Party, delivered a speech over the radio. He is a Negro. Never before in the hectic history of our presidential campaigns has a Negro spoken as he did over the airwaves of America. Hundreds of letters poured into the campaign headquarters of the Communist Party twenty-four hours after his talk reached the country. Frederick Douglass would have gloried in that speech: Negroes everywhere did. Letters came from unionists in the coalfields, from the sharecroppers in the scraggly cotton fields of the south. Consider this letter from Alabama: "From what we understand, Mr. Ford's party stands for the Constitution of this country, the USA, and is doing more to assure liberty and justice than any other to date. . . . I could write so much more as my father was a slave. . . ." Or this letter from Georgia: "Tonight I pray that God be with you. Please send me a copy of your radio speech where I can put it down in history where my children can see it. Also in my minutes at the church where many other people can see it."

What brought this response? President Roosevelt, clothed in all the pomp of his office, couldn't evoke such a response. He had tried. His opponent, Wendell Willkie, man of the millionaires, couldn't match that appeal. He had tried. Why then could James W. Ford?

Mr. Ford's appeal was two-fold: one, he came from the depths of this economically and socially submerged stratum of America; and second, he represented the Communist Party which alone has formulated a program that responds to the consuming desire of the Negro people for economic equality and for the democracy pledged them by the Constitution. Mr. Ford put it well when he said in his address that the "treatment of the Negro people is an acid test of the welfare and liberties of all the people." And every honest man can agree with him when he said directly to the rulers of this nation: "Gentlemen, we do not trust you to give democracy to anybody, anywhere in the world while you deprive us of human rights in defiance of the Constitution of the United States here at home."

What deprivation does he refer to? Consider the American Negro. He is the victim of the slum, the prisoner of the cotton patch, the sufferer of unemployment, the man over whose head hangs the sword of lynch law. He is the tenth of the population that is denied the most elementary economic, political, and social rights, particularly in the South. Over nine million Negroes live below the Mason-Dixon line; five millions in the Black Belt of the South where they comprise a majority of the population. And it is precisely there where the tory principle of "taxation without representation" applies. A poll tax is required before a voter may cast his ballot in federal, state, and local elections. This literally bars the impoverished Negro from the polls. And not only some four million Negroes are disfranchised, but about 64 percent of the poor white voters in the poll tax states: Alabama, Arkansas, Georgia, Mississippi, South Carolina, Tennessee, Texas, and Virginia. The poll tax issue has become primary in the struggle for democratic rights in the South. The poll tax has resulted in the election of reactionary Congressmen by tiny minorities of the states' populations. The shameful example is Rep. Martin Dies, elected by only 7.7 percent of the voters of his district. And, as Mr. Ford pointed out: "Indeed, it was the disfranchisement of

the Negro people particularly in the poll tax states that made it possible for the fateful conscription bill to be passed despite the opposition of the majority of the American people." Consider this: of the 263 Congressmen that put that bill over, one hundred hailed from Southern states and sixty-three of these were from poll tax states where the Negro is denied the right of the ballot. It is here, in the battle against the poll tax, that the need for unity of white and Negro is most clearly demonstrated.

The Negroes raised the issue of the tyrannous poll tax restrictions in the current election campaign. They urged, too, the passage of anti-lynch legislation. What happened? Consider this: A few fateful days ago sixteen million men registered for the draft. When the President signed the conscription bill, he said that democracy entailed equal obligations because it granted equal rights. But a short time before that, Senator Barkley, administration whip, declared that the government was too busy with defense to think about Negro rights. "The administration could not bother with equal rights for Negroes when it was a matter of passing the anti-lynch bill," Mr. Ford said, "but it had no trouble remembering the 'equal duties' of the Negroes when it came to conscription for war." To underscore all that was said above, the President officially raised Jim Crowism to the status of national policy by approving the segregation policy of the War Department and intimating that any effort to change it would interfere with the preparations for national defense. So the Negro remains in his Jim Crow regiments, officered by whites, graciously permitted to do the pick and shovel work of the army once again, in the finest tradition of the World War days, in the current tradition of Hitler's "forced labor" battalions.

To win the possibly strategic Negro vote, both parties suddenly evidenced great concern for the Negroes. The Democrats announced that in Elwood, Ind., Willkie's hometown, a sign on the streets says, "Nigger, don't let the sun go down on you in this town." But as Mr. Ford asks, "Why couldn't they discover that sign in Mississippi, in Alabama, in Georgia. . . ?" No Negro was taken in by the grandstand act. Mr. Willkie raised the cry that he was being "smeared." But a glance at Mr. Willkie's record as head of Commonwealth & Southern belies his protestations. He was the hidden power behind the most virulent Negro-hating political machines in a number of Southern states. So, both major parties offer nothing but the usual hasheesh of demagoguery for the Negro in election time, nothing in reality but the corn-patch shack, the Jim Crow job, the measliest relief.

One choice, and only one, remains for the Negro—and the white—who understand that "Labor in the white skin cannot emancipate itself as long as labor in the black skin is branded." That choice is the Communist Party, whose record is spread on the pages of history for all to see. The Scottsboro case, the Herndon case, attest to that truth. The demonstrations before the relief offices for hungry Negro families point the moral. "What other party but the Communist Party, dedicated to the establishment of socialism, to that complete liberation for all the toilers already achieved in the Soviet Union, could really wage such a fight every day for the needs of my people?" Mr. Ford asks.

Indeed, what other party? The answer to that question is to be heard on November 5 in many a place where the word Communist was unknown yesterday.