

INTERNATIONALIST VISIONARIES: Builders of the Indusco Movement in Wartime China, 1938 – 1950

Pauline B. Keating
Victoria University of Wellington

Introduction

The 'One Belt One Road' idea is widely regarded as big, bold and innovative. Its short-term goals are related to the building of infrastructure that will facilitate inter-regional and transcontinental trade. But the vision embedded in the idea is much broader than trade. The construction of shared transport routes and 'economic belts' will facilitate connections and exchanges in a range of spheres that extend well beyond commercial relationships and networks. In Peter Ferdinand's view, if the One Belt One Road idea is fully realised, it will "fundamentally transform the geography of global affairs."¹

The visionaries who are championing the idea explicitly draw on historical memories and legacies of silk roads in China's past to predict what the building of 'new silk roads' in the 21st century might achieve. From the Han to the Ming periods, roads connecting China to regions to its west and south were much more than trade routes. They facilitated close interactions among people of different ethnicities, cultures and civilisations, and those interactions resulted in the transmission back and forth of knowledge, sciences, technologies and crafts. The roads were routes along which new ideas, innovation and belief systems travelled. They enabled the forging of cross-border political cooperation and alliances. And they made possible a blending of cultures in ways that shaped languages, literature and the arts. It is well known that China's 'four great inventions' reached Europe via the silk roads. The roads made possible the penetration of China by Buddhism, Nestorian Christianity and Islam. Marco Polo in the late 13th century used both the overland and maritime silk roads to make his famous journeys to and from "the land of Kublai Khan." And Admiral Zheng He 郑和 led the great 'Ming voyages' along the maritime silk roads in the early 15th century. Warfare, political animosities, religious intolerance and 'closed door' attitudes among governing authorities periodically obstructed travel and exchanges along the silk roads. But when conditions were peaceful, and when China's rulers were outward-looking, when they welcomed connections with 'outsiders', the silk roads flourished. Those periods of openness were characterised by intellectual energy, cosmopolitanism, and what is today called 'internationalism'.

In China's Republican period, internationalism rubbed up against nationalism. Military defeats in the mid-19th century had forced the inward-looking Manchu regime to open China to the West, and this gave rise to a nationalism that was, in its early phases, anti-Western and, after 1894, anti-Japanese. But increasingly wider openings of China's doors in the early 20th century made space for internationalism.

The Chinese Industrial Cooperative (CIC) movement, commonly referred to as 'Indusco' or 'Gung Ho', is one of the most striking examples of internationalism to be found in

¹ Peter Ferdinand. "Westward ho – the China Dream and 'one belt, one road': Chinese foreign policy under Xi Jinping." *International Affairs* 92, no. 4 (2016), p. 955

Republican China. Like the One Belt One Road initiative, Indusco was born out of an economic idea but it quickly broadened its agenda; its founders articulated for the movement a broad vision of political, social and educational as well as economic change in rural China. The broad and radical agenda was very largely the product of collaborations and partnerships between Chinese reform activists and 'foreign friends' of reform and revolution in China. In other words, the Indusco programme grew out of a cross-fertilisation of Chinese and Western ideas. In this respect it belongs to the silk road tradition of cross-cultural fusions and cosmopolitanism and, as such, is one of the precursors of the One Belt One Road project.

This paper is an analysis of the Indusco movement's internationalism. And it asks whether Indusco's successes and failures in the 1938 – 1950 period provide lessons for the One Belt One Road project in the 21st century.

The Indusco Idea

Like the One Belt One Road idea, the Indusco idea was and is a great idea. In the context of crisis in 1938, the transfer of urban industries to unoccupied rural areas was a means of compensating for the loss to Japan of much of China's modern industrial capacity. And it was a way of providing employment to the masses of refugees, many of them skilled workers, who fled inland in the wake of the Japanese invasion. It was such a good idea that the Indusco movement quickly spread through free China; more than 1000 cooperatives with more than 15,000 members were up and running by the end of 1939.²

Indusco, however, was much more than a temporary wartime expedient. It was a vision of rural development premised on cooperation and community, a vision that offered an alternative to western models of industrialization that are premised on heavy industry, urbanization and the commercialization of agriculture. Jack Gray argues that the Indusco Movement during the Sino-Japanese war was the inspiration for the Great Leap Forward in 1958. He says that, in the Indusco factories that became *communities* rather than enterprises, Mao Zedong saw the seeds of ...

*cooperative economic communities, democratically organized, providing their own education and welfare services, capable of rapid growth, diversification and modernization, self-governing but assisted by volunteers from the city who humbly took their place among the other cooperative members.*³

² Douglas Reynolds, 'The Chinese Industrial Cooperative Movement and the Political Polarization of Wartime China, 1938 - 1945', Ph D dissertation, Columbia University, New York, 1975, p. 449.

³ Jack Gray, *Rebellions and Revolutions: China since the 1800s to the 1980s* (Oxford University Press, Oxford, 1990), pp. 308-9. According to Gray, Mao and Chen Boda believed that "nil-gestation projects" undertaken by community-based enterprises "could immediately add to both consumption and savings," and those savings could be fed back into the modernization of agriculture which, in turn, would result in higher productivity, higher incomes, more community industry and so on. Gray says that in the Indusco idea "Mao's spiral of rural development had found its incarnation." p. 309

The dramatic failure of the Great Leap Forward does not, says Gray, discredit the Indusco idea; the reasons for failures in 1958 - 61 are to be found in the Great Leap's politics, not its economics.⁴

Whose idea was it?

Most accounts of the beginnings of Indusco agree that the idea originated with Helen Snow in early 1938. Following a dinner conversation with British diplomat John Alexander about cooperatives, Helen Snow told Rewi Alley that "what China needs today is industry everywhere," and that the "Chinese are made for cooperation."⁵ Alley and Edgar Snow were soon won over to the idea of moving skilled workers from occupied cities to the interior and letting them "set up their own small cooperative industries." Alley did some nuts-and-bolts planning, Edgar Snow published the plan in pamphlet form,⁶ and a Preparatory Committee, made up of four foreign and seven Chinese members, was formed by early April.⁷ British Ambassador Sir Archibald Clark Kerr got behind the idea, and took it to Madame Chiang Kaishek. Madame Chiang sold it to her brother, Finance Minister H. H. Kong, who agreed to support the idea and commit about US\$800,000 to the project.

But ideas about cooperativising rural industry in China go back much further than 1938. We have evidence of inter-family cooperation among handicraft paper-makers that dates back to the 17th century;⁸ and we know of longstanding traditions of farmwork cooperation among villagers, especially during busy seasons.⁹ Nevertheless, because pre-modern cooperative organizations tended to be hierarchical and embedded in kinship networks, they did not directly serve as a model for Indusco. The Indusco movement, premised on equality and openness, is more indebted to rural rehabilitation projects in China that had sprung up in the 1910s and early 1920s. And the projects that promoted grassroots cooperatives as a means of 'reconstructing' rural society typically drew on Western models of cooperative enterprise. China's 20th century cooperative pioneers took inspiration from the 'utopian socialism' of thinkers such as Saint Simon and Robert Owen, or the anarcho-utopianism of Kropotkin, or the 'three S' formula of Friederich Raiffeisen.¹⁰

⁴ Gray, p. 310

⁵ S. Bernard Thomas, *Season of High Adventure: Edgar Snow in China*. Berkeley: University of California Press, 1996, p. 195

⁶ The title of the pamphlet was: Chinese Industrial Cooperatives: For a New Economic Offensive – For Prolonged Resistance – For Productive Relief – For the Salvation of China's Industry – For Victorious Peacetime Reconstruction. Nym Wales (Helen Snow). *China Builds for Democracy: A Story of Cooperative Industry*. Shanghai: Kelly & Walsh Ltd., 1941, p. 40

⁷ Preparatory Committee members were Hubert Liang, Lu Guangmian, Wang Zixing (banker), Xu Xinliu 徐新六 (banker), "Mr. Sun" (banker), Hu Yuzhi 胡愈之, Huang Dingzhu, Rewi Alley, Helen Snow, Edgar Snow, John Alexander. Reynolds, pp. 81-82

⁸ Jacob Eyferth. *Eating Rice from Bamboo Roots: The Social History of a Community of Handicraft Papermakers in Rural Sichuan, 1920 – 2000* Harvard East Asian Monographs 314, Cambridge, Mass. and London: Harvard University Press, 2009

⁹ When preparing to organize farmers into mutual-aid teams during the early 1940s, Chinese Communist Party researchers undertook very useful investigations into traditions of farmwork cooperation in north and northwest China.

¹⁰ The 'three S' formula is: self-help, self-governance and self-responsibility.

The populist impulse within the May 4th Movement drew many young Chinese activists to the work of the American-led China International Famine Relief Commission (CIFRC),¹¹ a multinational, non-sectarian relief organization in which YMCA personnel were always prominent. Two years after its founding in 1921, the Commission initiated a 'rural cooperative credit movement' based on Raiffeisen principles.¹² By 1933 the scope of the movement had grown beyond credit cooperatives and, in the view of J. B. Tayler, was looking more like the 'cooperative commonwealth' imagined by Robert Owen and the Rochdale pioneers.¹³ Many of the people who joined the Indusco movement in the late 1930s had cut their teeth as rural reform activists in CIFRC programmes. They brought with them into Indusco a wealth of ideas and experience that they had accumulated in years of involvement in projects for rural rehabilitation and, most importantly, the development of grassroots cooperatives.

Three universities, Nankai, Yanjing and Nanjing, also contributed in important ways to the Indusco idea; the latter two were foreign institutions, and all three received funding from the Rockefeller Foundation for research on rural development. They advanced the academic study of China's rural crisis in the 1930s and drove the search for solutions to it. Chinese and foreign scholars in each university collaborated quite closely, and vigorously debated how best to 'reconstruct' rural China. They explored the merits of a 'cooperative economy' and critiqued the 'corporatist' models of cooperativization favoured by most Guomindang policy-makers.¹⁴ Particularly important were the writings of three economists: Nankai's Frankin Ho 何廉 and H. D. Fong 方显廷, and Yanjing's Zheng Linzhuang 郑林. Their scholarship made significant theoretical contributions to rural reconstruction projects, and among their colleagues and students were people who threw themselves into the Indusco movement during the early war years. Notable examples are Yu Yongzi, Meng Yongjian, Lu Guangmian 卢广绵 and Lu's wife Jiang Shuhan, and Americans Harry Price and Edgar Snow.¹⁵ To British missionary J. B. Tayler¹⁶ goes a lot of the credit for building the economics programme at Yanjing, for offering courses on cooperatives to his students, and for recruiting several of his students into Indusco; he himself worked tirelessly for Indusco through much of the war.¹⁷

The pioneering Mass Education Movement founded in 1926 by James Yen 晏阳初 experimented with farmer cooperatives when it broadened its reform agenda in the early

¹¹ Chen Han-seng. *Gung-Ho: The Story of Chinese Cooperatives*. New York: American Institute of Pacific Relations, 1947, p. 8

¹² Andrew Nathan. *A History of the China International Famine Relief Commission*. Cambridge, Mass.: Harvard University Press, 1965, p. 29

¹³ Nathan, p. 38

¹⁴ Margherita Zanasi. *Saving the Nation: Economic Modernity in Republican China*. Chicago: University of Chicago Press, 2006, p. 109

¹⁵ Paul B. Prescott. *Jingji Xue: The History of the Introduction of Western Economic Ideas into China*. Hong Kong: The Chinese University Press, 2007, p. 159

¹⁶ Tayler arrived in China as an LMS missionary in 1906; in 1917 he accepted the position of head of the economics section at what was soon to become Yanjing University.

¹⁷ Paul B. Prescott (2007), p. 159; "John Bernard Tayler and the Development of Cooperatives in China, 1917 – 1945," *Annals of Public and Cooperative Economics* 64 (2), 1993 p. 215

1930s.¹⁸ Yen's initiative attracted more foreign involvement than did the other famous rural reconstruction experiment begun in 1931 by Liang Shuming 梁漱溟. Liang's project also put the school at the centre of a reconstructed village society, and gave the village school responsibility for organising cooperatives. By the mid-1930s, as the rural crisis deepened, a growing number of provincial and local government experiments with rural cooperatives solicited the aid of student activists, rural development specialists and foreign philanthropists. And the American churches remained strongly involved in the drive begun by the CIFRC in 1923 to organize rural credit cooperatives.¹⁹ That drive got a leg-up in 1935 when the national government raised to 3.9 per cent the proportion of the national budget allocated to rural reconstruction.²⁰ When Japan invaded two years later, Indusco could draw from a quite large pool of people with cooperative experience.

It is fair to say that the Chinese activists who became the bedrock on which Indusco was built knew a good deal more about China and rural cooperatives than did the movement's foreign founders. Rewi Alley, although he had done some research on rural industry, admitted during discussions with the Snows in early 1938 that he had no experience of rural cooperatives.²¹ It was not until he had hands-on experience as CIC Field Officer that he got to learn a lot about what worked, what did not work, and why. Helen Snow, and to a lesser extent her husband, worked tirelessly to publicise and raise funds for the movement, but they relied on relayed information and occasional visits to CIC depots to learn what was happening down in the villages. The task of building industrial cooperatives in rural China relied very heavily on the expertise and experience of Chinese activists who had a long-term commitment to rural reconstruction, and who, because of some hands-on experience before the war, had some chance of making the Indusco idea work in China's rural grassroots.

Was Indusco a foreign idea?

Some analysts judge that Indusco could not work in China because it is too 'foreign'. It was founded by three foreigners who formulated a vision and plan based on what the critics see as exclusively foreign models of rural development. Indusco, in their view, is a foreign idea concocted by naïve foreigners and impetuously embraced by westernized Chinese intellectuals; it could never take root in Chinese soil. Is this a valid argument?

Throughout China's long history, ideas from other cultures have permeated and fused with indigenous Chinese ideas. The mixing and meshing of ideas is very obvious during the Zhou dynasty (770 – 221 BCE), when the ideological foundations of imperial China were laid. We have noted the role of the old silk roads in conveying 'foreign' ideas to China. The 'opening' of China to the West in the 19th century saw an influx of new ideas, and this resulted in an intellectual ferment that energized movements for political, social and cultural change. The blending of new and old ideas that accompanied the collapse of the imperial system continues today, even if less dramatically than in the early 20th century. J.

¹⁸ Charles Hayford. *To the People: James Yen and Village China*. New York: Columbia University Press, 1990

¹⁹ see page 4 above

²⁰ Lucien Bianco. *The Origins of the Chinese Revolution, 1915 – 1949*. Stanford: Stanford University Press, 1971, p. 110

²¹ Rewi Alley. *Rewi Alley: An Autobiograph*. Beijing: New World Press, 1987, p.104

K. Fairbank described the May 4th period of New Learning as a time of “polycultural confusion,” and suggests that a “release from confusion” was achieved after 1919 by the finding of “a higher integration or synthesis.”²²

Intellectual and cultural change in modern China is sometimes described as ‘westernisation’. But although some Chinese thinkers and reformers have been out-and-out westernisers they have belonged at the extremist fringes of reform and revolutionary movements. In mainstream movements for change we find the absorption of new ideas, the meshing of foreign and indigenous ideas, and the achievement of a synthesis that represents an amalgam of old and new, and an amalgam of Chinese and foreign ingredients. This, I suggest, is how we should interpret Indusco. It was not a foreign idea. It was a blend of ideas from different sources about how to solve rural China’s dire problems.

The Japanese invasion and swift occupation of large parts of China’s heartland brought a complete halt to most of the rural reconstruction projects that were still active in 1937. By no means all displaced reformers joined the Indusco movement, but many did, and they brought with them ideas that ranged from Christian philanthropism at one end of the spectrum to a proto-Marxian socialism at the other end.²³ Occupying a centre position were reformers committed to a rural reconstruction that would obviate the need for ‘class struggle’ and thereby provide an alternative to communism. Because different Indusco participants had different ideas, and particularly because the movement was pulled together somewhat hastily in 1938, there was substantial scope for disagreement and conflict. But the movement was also a space in which different ideas were reconciled and integrated, and the mergings resulted in an original and exciting contribution to the drive to reconstruct rural China in the mid-20th century.

A closer look at two of the vision’s key themes will demonstrate how Indusco synthesised Chinese and Western ideas.

Local Self-government

The most pragmatic priority of the Indusco movement was national survival; to survive the war China would need to compensate for the loss of the major industrial centres to Japan by relocating industrial production to the interior. As well as survival, this strategy could also meet a goal embraced by development economists such as H. D. Fong, Franklin Ho, American agricultural specialist John Lossing Buck, and British economic historian R. H. Tawney. They argued for the development of rural industry not just to meet a wartime need, but as essential to the viability of agriculture in over-populated rural China. The great majority of Chinese economists who contributed to the development of rural reconstruction theory before the Sino-Japanese war were foreign-trained, and a majority had postgraduate qualifications from American universities. To the extent, then, that rural reconstruction

²² J. K. Fairbank and Merle Goldman. *China: A New History*. 2nd enl. edition. Cambridge, Mass: Belknap Press, 1998, p. 264

²³ As far as I know, Christian missionaries associated with the National Christian Council and who cooperated closely with Chiang Kaishek were not drawn to Indusco. But many American Christians associated with the CIFRC, particularly YMCA and YWCA personnel, gave it critically important support. At the leftist end of the spectrum were people like Alley and the Snows who cautiously backed the Chinese Communist Party against the Nationalists. They did not openly embrace Marxism, but were persuaded that the CCP was no longer a hard-line Marxist party and more likely to realize Sun Yatsen’s *minzhu* (democracy) principle than was the GMD under Chiang Kaishek.

theory and practice was carried into the CIC movement, we can say that the contribution of American and British economic theorists to Indusco was quite significant.

But we need to note discrepancies between the theory and practice of rural reconstruction by the mid-1930, by which time the Nanjing government was giving at least nominal support to the movement. The government-sponsored programmes tended to move in the direction of ‘corporativism’ and a centralist stifling of local initiative. Statism – that is, state expansion and state control of society – was a blight afflicting almost of all of China’s economic modernization projects since the Self-strengthening Movement (自强运动) that began in the 1860s. And it intensified as fears of ‘national extinction’ persuaded even the radical reformers of the 1890s and 1900s that only a strong state could ‘save China’. Statism infused rural reconstruction with an authoritarianism that seriously conflicted with the local self-government ideals on which the movement should have been premised.

Statism had become a global trend by the late 19th century; it was by no means unique to China.²⁴ Importantly, however, in most parts of the world, society has usually attempted to strike back. In China, the CIFRC people who pioneered rural cooperatives in the 1920s tried to insist on local self-management and control, and to devise ways of ensuring that local officials did not commandeer cooperative resources. Within the discourse on rural reconstruction in the 1930s, strong arguments were made for keeping the state out of local communities, and a number of Chinese economists were highly critical of what they saw as state interference and ‘commandism’ in the development of cooperatives; rather than functioning as community cooperatives, they judged most to be state-run enterprises.²⁵

The arguments in favour of strong state control came from both Chinese sources and imported economic models. And the vigorous critiques of statism, arguments in favour of local self-management and community autonomy, also came from both Chinese and foreign sources. The debate rolled over into Indusco in 1938. Statism was strong among the GMD personnel who had management responsibilities within CIC. The demand that Indusco cooperatives be based on local self-help and that they be managed democratically came from the movement’s founders and from people who had helped develop cooperatives before the war; they were often from the Christian left (that is, the YMCA, YWCA and activists who described themselves as “Christian socialists”). When foreign Christians made this argument, they were drawing on a European cultural heritage. And because these ideas echoed principles rooted in Chinese communitarian traditions,²⁶ Chinese and American participants in Indusco had no difficulty sitting down together and drawing up an Indusco charter that was a fusion of Chinese and Western cultural and counter-cultural traditions.

²⁴ see Duara (1995), p. 158

²⁵ Liu, Jisong 刘纪荣. “Guojia yu shehui shiyexiade jindai nongcun hezuo yundong – Yi ershi shijie ersanshi niandai Huabei nongcun wei zhongxinde lishi kaocha 国家与社会视野下的近代农村合作运动——以二十世纪二三十年代华北农村为中心的历史考察” [The modern cooperative movement from the perspective of state and society – from the historical perspective of rural north China in the 1920s and 1930s] , *Zhongguo nongcun guan cha* 中国农村观察, No 2, 2008

²⁶ William de Bary has written extensively about the communitarian tradition within Confucianism. See especially Wm T. De Bary. *Asian Values and Human Rights: A Confucian Communitarian Perspective* Cambridge, Mass.: Harvard University Press, 1988

Indusco and Education

Education is central to rural development projects all over the world. Indusco's foreign and Chinese founders, and people who joined the movement after 1938, all regarded the education and training of cooperative members to be intrinsic to the movement.²⁷ During the last decades of the Qing, popular education was given high priority by modernising reformers, and it was a definitive theme of the New Culture Movement that took off after 1915.²⁸ All of China's rural reconstruction programmes in the 1920s and 1930s regarded literacy and skills training to be indispensable to village 'uplift'. As its name indicates, mass education was the starting point of James Yen's Mass Education Movement, and Liang Shuming put the village school and teacher at the heart of his rural reconstruction project in Shandong province. The Chinese activists who worked for Indusco, no less than the pre-war rural reformers, gave very high priority to education work.

Three urgent needs had to be met if Indusco was to be made work: the need for basic literacy among cooperative members; the need for technical skills; and the need for cooperative management and leadership skills. Indusco always struggled to meet these three needs. J. B. Tayler worked hard to address them, especially the latter two. He told Rewi Alley in 1939 that Indusco needed to have both "business specialists and engineers," and most of his work in CIC's northwest depots entailed running accountancy courses for co-op managers and training co-op members in skills related to the woollen industry.²⁹ Helen Snow in 1940 wrote glowingly of the range of initiatives being taken at CIC's Northwest Headquarters, but lamented the almost complete lack of Chongqing government funding for educational work, and deplored the fact that American funds "contributed endlessly to the support of upper-class students who never have any intention of doing any labor."³⁰ CIC schools were funded almost exclusively from money contributed by non-government sources – support agencies in the Philippines, Christian missionary bodies in China, and private donors.³¹

Helen Snow made a particular issue of the importance of the technical training given to orphaned boys (the *xiaogui* 小鬼) in the North Shaanxi depot, and paid tribute to the man to whom Indusco has always given credit for its technical training achievements, Joseph Bailie. Irish by birth, a naturalized American, and a graduate of the Union Theological College in New York, Bailie went to China as a Presbyterian missionary in 1890. He abandoned missionary work almost immediately and, for more than twenty years, mounted various crusades related to agricultural education and improvement; poverty relief was usually his driving motive.³² In the 1920s he turned away from agriculture and focussed on

²⁷ see Nym Wales (1941), chapter 9;

²⁸ The 'baihua 白话' movement, strongly promoted by Hu Shi 胡适 from 1916, gave important impetus to the drive to expand popular education by, among other things, persuading the Education Ministry to convert schools textbooks into the language that people spoke. Textbooks for all levels of primary and secondary schooling had been converted from classical Chinese into the 'plain language' by the end of the 1920s.

²⁹ Prescott (1993), p. 219

³⁰ Nym Wales (1941), pp.154, 158.

³¹ Nym Wales (1941), pp. 159 - 60

³² Randall Stross describes Bailie's distress when confronted with large numbers of famine victims and his discomfort with "dispensing charity" to them. He became committed to finding ways to "train"

industry. One of his plans was to build an 'Industrial University'. Another project entailed securing apprenticeships for Chinese boys in American factories. By the time that Rewi Alley arrived in Shanghai (1927), Bailie was running a school that trained boys in technical skills at the same time as educating them; some of the instructors were the boys, now young men, whom Bailie had sent to America.

Alley was attracted to Bailie's educational philosophy, formulated as a solution to poverty, and was warmed by his humaneness.³³ In his 1987 memoir, Alley described Bailie as a man who "made a bridge between the good ordinary Americans and the good ordinary people of China."³⁴ The first technical school in Indusco's Northwest Region, established five years after Bailie's death, was named the Joseph Bailie Memorial Technical Training School.³⁵ After that all of Indusco's technical schools were called 'Gung Ho Bailie schools', and they have occupied an honoured position at the heart of the entire Indusco enterprise.

As early as 1939 Englishman George Hogg expressed his misgivings about Indusco to Rewi Alley; Hogg was convinced "that a successful cooperative system could not be built in a Kuomintang area." He agreed with Alley that CIC should hold onto and improve the existing cooperatives "wherever these had taken root," but judged that energies should now be concentrated on "training peasant lads," proving to the sceptics that "the technical leadership [of Indusco] could be trained from the working class and the peasantry."³⁶ Shuangshipu village in North Shaanxi had been an Indusco centre since the beginning of 1939; Alley started a Bailie school and built a home for himself there in 1941. George Hogg took on responsibility for the school in 1942 and, until his death in 1945, played a major role in constructing the 'Bailie school tradition' within Indusco.

Rewi Alley was dismissed by the Guomindang Executive Yuan from his position as CIC Field Officer in September 1942. But, given that he had not been paid for his work for some time, he just kept on doing what he has been doing: travelling to Indusco cooperatives wherever they were functioning, helping them with technical advice, assessing their funding needs, and securing funding for them whenever he could. His 'furloughs' in Shuangshipu, however, became more and more frequent. He was clearly impressed with the work that George Hogg was doing, and became increasingly persuaded by the argument that the training of a technical leadership needed to be at the centre of CIC work. He later wrote that the progress of the Shuangshipu school "made me sure that the only way was to train people ourselves to promote cooperative industry, and this elementary work was basic."³⁷ He devoted a lot of his time in 1944 to helping Hogg and colleagues move the Shuangshipu Bailie school to Shandan, and he took over as headmaster after Hogg's death in July 1945. His full commitment after that was to educational work.

the poor to help themselves. Randall Stross. *The Stubborn Earth: American Agriculturalists on Chinese Soil 1898 – 1937*. Berkeley: University of California Press, 1986, p. 67

³³ Bailie recruited Alley into the CIFRC's famine relief work during the great northwest famine of 1929. Rewi Alley (1987), p. 55

³⁴ Alley (1987), p. 181

³⁵ Nym Wales (1941), p. 159

³⁶ Alley (1987), p. 177

³⁷ Alley (1987), p. 183

The Bailie schools were not entirely novel. China's need for well-trained engineers and technicians had been recognized in high places since the 1840s, and among the radical changes to the educational curriculum at upper levels after 1905 was the inclusion of science and technology courses. A large number of the Chinese students who, in the early twentieth century, sought foreign qualifications in Europe and America enrolled in science and engineering degrees. The CIFRC's programme in the 1920s and 1930s included training courses for people doing cooperative work, and other Christian agencies, especially the YMCA and YWCA, ran technical education classes for industrial workers. So did the Shanghai Municipal Council during the early years of the war.³⁸ But the Bailie strategy of giving a technical education to the laboring poor so that the poor can provide skilled leadership within industrial cooperatives that are community enterprises, not just businesses, was a strategy that the Indusco movement made its own, and it is a strategy that stands as one of Indusco's finest, most enduring legacies.

International Support for Indusco

The Indusco Movement is a striking example of internationalism because, first, the Indusco vision was a fusion of Chinese and Western ideas. Its education programme blended Chinese and Western reformist ideas about popular education. And a Western model of cooperative organisation was injected with traditional Chinese principles of communitarianism to construct a cooperativisation programme suited to Chinese conditions. Secondly, Indusco was internationalist because it was founded and driven by people from different parts of the world. A New Zealander and two Americans played a key role in articulating and promoting the Indusco vision. Getting the movement down into the villages was largely the work of Chinese activists and just one foreigner, Rewi Alley. Thirdly, the publicity and lobbying efforts on behalf of Indusco became a genuinely international effort; the extent of support for the movement outside China is quite striking.

Once the movement was up and running after July 1938, other foreigners based in China gave critical support to the movement through committee work, fundraising, lobbying in high places, research, writing, and doing publicity and outreach work. British missionary and scholar J. B. Tayler, China-born American Ida Pruitt and Anglican Bishop of Hong Kong R.O. Hall played critical roles, but important also were New Zealander James Bertram, the renowned British scientist Joseph Needham, the American Marine Corps officer Evans Carlson, Polish-born Israel Epstein, his British wife Elsie Fairfax-Cholmeley, and British missionary Ralph Lapwood. As this paper has emphasised, however, most of the hands-on mobilizing and organizational work at grassroots level was done by Chinese activists. Very few of Indusco's foreign participants had the local knowledge (including languages) needed to do effective work at village level. There were a few exceptions. Rewi Alley, of course, was one. Two others were Englishman George Hogg³⁹ and Russian-born Peter Goullart, who founded and ran Indusco cooperatives in Lijiang (Yunnan) for eight years.

International support for Indusco became critical as government funding for the project began to dry up, and that was as early as 1939. Indusco activists, both Chinese and foreign, tended to blame the Chongqing government for the funding crisis. H. H. Kong and his

³⁸ Robin Porter. *Industrial Reformers in Republican China*. Armonk, New York: M. E. Sharpe, 1994, chapter 6

³⁹ see pages 13 – 14 above

supporters (including American advisers such as George Fitch⁴⁰) defended the government's tight-fistedness and blamed Indusco field workers for financial incompetence and profligacy. People in the field, however, had absolutely no doubt that CIC was fatally undermined by the Nationalist government's prejudice against the movement, by its failure to keep funding promises, and its bureaucratism (manifest in the overstaffing of the central offices and the burdening of fieldworkers with masses of paper work). From the very beginning, Alley and the Snows bent over backwards to assure government leaders that CIC was non-partisan, that it had no special relationship with the Communist Party, and that it should not be absorbed into the GMD administration. From Kong's point of view, however, if the CIC enterprise was to get government money, it had to dance to the government's tune.

Within six months of the movement's founding, the tightening constraints on Indusco independence led to the establishment in Hong Kong of independent fund-raising bodies. In February 1939, Ida Pruitt, who had just lost her position as social worker at the PUMC in Beijing, organized and chaired the Hong Kong Promotion Committee of the CIC; the prominent agrarian reform specialist Chen Hansheng 陈翰笙 replaced Pruitt when she left for New York in July. The International Committee for Chinese Industrial Cooperatives Production Relief Fund (ICCIC) was founded in July 1939 and it more or less absorbed the Hong Kong Promotion Committee. Bishop R. O. Hall chaired the ICCIC,⁴¹ and Chen served as secretary until December 1941, when Japan's occupation of the island forced the ICCIC to relocate to Chengdu. As Pruitt's biographer Marjorie King says, the ICCIC's main purpose was "to reassure overseas contributors that their donations would reach the cooperatives, rather than the pockets of sticky-fingered bureaucrats."⁴² But like CIC officials in Chongqing, the International Committee had to weave its way very carefully between the prejudices of foreign donors: people aligned with the anti-Communist right needed to be reassured that their donations would not succour the Communist Party; the ICCIC had to demonstrate to most other donors that money it received would not be relayed to Chongqing.

Douglas Reynolds says that H. H. Kong "reacted with muted displeasure at the creation of a 'competitor' body receiving foreign funds for field projects outside his strict control,"⁴³ and he made strenuous efforts to bring the ICCIC under his thumb. In October 1940, he sent one of Indusco's founders, Hubert Liang 梁士纯,⁴⁴ to Hong Kong with instructions to bring the ICCIC to heel. There was strong resistance from ICCIC members to this pressure and it

⁴⁰ Fitch, a Presbyterian missionary who worked for the YMCA in China, was appointed Executive Adviser to the CIC in early 1942.

⁴¹ Hall chaired the ICCIC until it was dissolved in 1951. The Committee was re-established in Beijing in 1983, with Rewi Alley as Chairman

⁴² Marjorie King. *China's American Daughter: Ida Pruitt (1888 – 1985)*. Hong Kong: The Chinese University Press, 2006, p. 133

⁴³ Reynolds, p. 233

⁴⁴ US-educated Hubert Liang headed the Department of Journalism at Yanjing University for about four years. He moved to Shanghai after war broke out in 1937 and was recruited by the government to help get foreign journalists to do propaganda work in support of China's resistance to Japan. Helen Snow declared Hubert Liang to be her first "convert" to Indusco. His networking brought a number of well-connected Chinese people into the movement in early 1938.

produced firmly worded objections from the movement's founders;⁴⁵ the committee retained its autonomy. From this time onwards, however, the CIC movement was divided into two factions. One was based in Chengdu, and operated under H. H. Kong's direction. The other was the International Committee, based in Hong Kong, and then Chengdu. The latter worked strenuously to keep Indusco true to its original mandate of supporting the resistance war by organising village industries premised on cooperation, fairness and democratic management

In the context of conflict and standoff, American support for Indusco became absolutely essential to the movement's survival. Ida Pruitt felt herself 'banished' to America in July 1939. She did not want to leave China, where she had lived for most of her life, and she repeatedly begged the ICCIC to let her return to do hands-on work for Indusco inside China. But the committee kept her in New York, and she did invaluable work there. Reynolds points out that, although Pruitt's organising of branch committees for Indusco in several American cities did not deliver a big contribution to the ICCIC in 1940 (just US\$10,000), her "efforts were of immeasurable value ... in implanting the industrial cooperative movement in the consciousness of the broad cross-section of America's most China-conscious scholars, writers, government officials, and church-related leaders."⁴⁶ Reynolds goes on to argue that, with the establishment of 'Indusco, Inc.'⁴⁷ in September 1940, and its winning Eleanor Roosevelt's sponsorship, "the CIC movement was fast becoming a major (and easily romanticized) factor in American thinking about China."⁴⁸

Indusco, Inc. in America was by the far the biggest of the international agencies established to support the CIC Movement, but there were several other smaller support organisations. The Philippine Association for Industrial Cooperatives in China, founded in April 1939, worked closely with the ICCIC until Japan seized Hong Kong in December 1941. Committees to support Indusco were also established by patriotic Chinese in Australia, Canada, Indonesia, Malaya and other parts of Southeast Asia.⁴⁹ And there was significant support for Indusco in Britain. Cooperatives UK, founded in Manchester 1889, welcomed the CIC as a new member of the international cooperative movement. The Anglo-Chinese Development Society was formed for the explicit purpose of supporting CIC,⁵⁰ as a trading company it promoted the development of trade between the cooperatives of England and China. And ICCIC members Joseph Needham and Bishop R. O. Hall, during their visits to Britain, persuaded the British United Aid to China Fund to get behind Indusco.

Conclusion

By the mid-1940s, even Indusco's most dedicated activists and supporters judged the Indusco movement to be failing. Rewi Alley's disappointment was evident as early as 1941.

⁴⁵ see Helen Snow's letter to Alley in May 1939 in which she argued CIC's need of an independent funding body; quoted by Reynolds, p. 229. See also Rewi Alley's and Evans Carlson's advice that H. H. Kong's attempt to take over the ICCIC be firmly resisted; quoted by Reynolds, p. 236

⁴⁶ Reynolds, pp. 236 - 37

⁴⁷ The full title was "Indusco, Inc., American Committee in Aid of Chinese Industrial Cooperatives".

⁴⁸ Reynolds, p. 237

⁴⁹ Rewi Alley (1987), p. 143

⁵⁰ Alan Burton. *The British Consumer Co-operative Movement and Film, 1890s – 1960s* Manchester & NY: Manchester University Press, 2005, p. 169

When Graham Peck met Alley in Chongqing in December 1940 and learned about Indusco, he agreed to go with him on a field trip to the CIC Baoji depot. What Peck saw on that early-1941 visit worried him; he later wrote that “my clear simple idea of the CIC was obscured by a tangle of troubles, intrigues and failures.” And what Rewi Alley told him also troubled him: “he [Alley] was too honest to misrepresent the CIC, and it was largely through him that my optimism about the Co-ops was soon impaired.”⁵¹

Indusco’s problems, both internal and external, have been well documented.⁵² The movement had many enemies within the Nationalist government, and they worked constantly to undermine it. As relations with the Communist Party deteriorated, even the support for CIC among its Guomindang friends became half-hearted; they worried that CIC provided a cover for communism. On the other hand, Indusco activists in the field judged that the CIC leadership group in Chongqing was too close to the Nationalist government; they saw the movement’s Chongqing officers as bureaucratisers who threatened to undermine Indusco’s communitarian and democratic underpinnings. Beyond the CIC leadership’s control, however, was the spiralling inflation that got progressively worse through the 1940s and progressively diminished the value of government grants to Indusco. Corrupt local officials was another problem; they blatantly diverted CIC funds into their own projects and pockets. There was also the broad problem of political and social instability created by the war; it very significantly impeded the building of durable cooperatives in the villages. An even broader problem was the ‘backwardness’ within rural society itself, a problem brought home to Rewi Alley when working as CIC’s Field Officer. His grassroots work convinced him that the Indusco vision could not be realised until a new generation of rural young people had been trained in the technical and administrative skills needed to run successful industrial cooperatives at village level.⁵³

Given the Indusco Movement’s significant failures, does its history have any relevance to, or lessons for, the One Belt One Road project? To answer that question, we need first to state the obvious: China in the 21st century is radically different from China during the Republican era. In other words, the context in which the Indusco idea struggled to take root during the resistance war is radically different from the one in which the One Belt One Road idea is being tested and implemented in China today. The differences are far too great to enumerate here; just a few basic points will be made.

First, China is now ruled by a strong government that, over the last three decades, has made the country more prosperous and powerful than any of the Qing and Republican-era modernisers could have imagined. By contrast, the Republican states were poor and very weak. The Nationalist government after 1927 made some state-strengthening progress, but wars with Japan and the Communists reversed that progress. Prasenjit Duara has shown how domineering *statism* can destroy local initiative,⁵⁴ but he also suggests that the *absence of a strong state*, a state that is “capable of providing legal guarantees for civil society,” can ultimately have “the effect of excluding societal initiative.”⁵⁵ The Indusco Movement aimed

⁵¹ Graham Peck, *Two Kinds of Time* 2nd edition, Chicago: Houghton Mifflin, 1967, p. 170

⁵² see Reynolds, pp. 306-308 and Chapter 6, pp. 309-436

⁵³ See page 9 above

⁵⁴ Duara makes this argument very convincingly in *Culture Power and the State*. Stanford: Stanford University Press, 1988

⁵⁵ Duara (1995), p. 170

to energise society; it aimed to activate the people's self-organising and self-governing capacities. But the weak Nationalist state really did not want to protect Indusco, nor was it able to. By contrast, the One Belt One Road project has the protection of a strong state.

Secondly, the One Belt One Road project aims to open China to the world and to help the world open to China in ways that are unprecedented. The Indusco movement was also a product of a period of exceptional openness, and it became an outstanding example of internationalism in the Republican period. Its roots were in the rural reconstruction drives that were, in the 1920s and '30s, initiated by foreign philanthropists, notably the CIFRC, and Chinese reformers who, for the most part, worked outside government. The Japanese invasion in 1937 drove significant numbers of people engaged in reform experiments in different places to relocate to unoccupied China, and many of them joined Indusco.

Chinese rural reformers in the 1920s and '30s had been educated in modern schools both in China and, very often, overseas. Their modern education gave them world views much broader than those of their parents, but their reform ideologies tended to be vague and a bit incoherent; pre-war rural reconstructionist theorists had failed to achieve an ideological consensus among practitioners.⁵⁶ Foreigners who joined Indusco included Christian mission personnel, journalists and some academics who specialised in rural development. So, as well as bringing skills, experience and commitment into the Indusco movement, both Chinese and foreign participants brought with them different ideas and beliefs. There were different opinions about, for example, what village cooperatives really were and how far cooperativisation should go, and whether rural China needed a revolution.

In some respects the differences derived from the movement's internationalism – from the rubbing together, in a fairly brief moment of time, of the ideas and world views of people from different parts of China and different parts of the world. The blending and fusion of ideas from East and West is one of the Indusco movement's great strengths and why its vision was so exciting in the late 1930s. But the movement did not get the time and space to resolve its internal differences and contradictions before 1950, and the internal differences were damaging. By contrast, One Road One Dream should have plenty of time and space to work through the differences and contradictions that connections and partnerships with people from different places will engender.

Internationalism, of course, does not require the elimination of diversity and the creation of a 'one world' uniformity. Although the ancient silk roads were sites of cultural fusions, they also created centres of cosmopolitanism, places in which different cultures existed side by side and where diversity was at least tolerated if not welcomed. But warfare and militarism can do dreadful damage to cosmopolitanism and internationalism. Because China's Nationalist government needed to take all the international aid it could get during the resistance war, it left China's doors wide open to Western allies. Indusco benefitted from this open door. In many other respects, however, Japan's eight-year war with China

⁵⁶ The disagreements between the two most prominent rural reconstruction theorists, Liang Shuming and James Yen, are well known. See, for example, Xu Jilin. "Rural reconstruction, the Nation-state, and China's Modernity Problem: reflections on Liang Shuming's rural reconstruction theory and its practice," in *Culture and Social Transformations in Reform-era China* edited by Cao Tianyu, Zhong Xueping and Liao Kebin. Leiden & Boston: Brill, 2010, pp. 235-256

inflicted terrible wounds on the CIC movement. The movement could not win the protection of the weak, faction-ridden Chongqing government, and its big and bold vision did really not have a chance of putting down roots in villages that, even if not close to the battlegrounds, were rendered economically, politically and socially unstable by the war. There is a lesson for 'One Road One Belt' here. It will flourish in peacetime, and must work to eliminate conflict. Chinese participants might be energised by the 'China Dream', but travellers from other places along the new silk roads will contribute their own dreams to what promises to be a radically new style of internationalism, one that builds on the long and short internationalist moments in China's past.⁵⁷

Bibliography

- Alley, Rewi. "Gongye yundong jishu 工业运动技术" [An Account of the Indusco Movement], *Wenshi ziliao xuanji 文史资料选辑* [Selected Material on Culture and History], no. 71 (October 1980)
- Alley, Rewi. *Our Seven – Their Five: A Fragment from the Story of Gung Ho* Peking: New World Press, 1963
- Alley, Rewi. *Rewi Alley: An Autobiography*. Beijing: New World Press, 1987
- Alitto, Guy. *The Last Confucian: Liang Shu-ming and the Chinese Dilemma of Modernity*. Berkeley: University of California Press, 1979
- Bianco, Lucien. *The Origins of the Chinese Revolution, 1915 – 1949*. Stanford: Stanford University Press, 1971
- Burton, Alan. *The British Consumer Co-operative Movement and Film, 1890s – 1960s* Manchester & NY: Manchester University Press, 2005
- Callaghan, William A. "History, Tradition and the Chinese Dream: socialist modernization in the World of Great Harmony." *Journal of Contemporary China*, 24:96 (2015), 983–1001
- Chen Han-seng. *Gung-Ho: The Story of Chinese Cooperatives*. New York: American Institute of Pacific Relations, 1947
- Chen Han-seng. "Gonghe yu jianshe 工合与建设" [Indusco and Construction], *Zhongguo gongye 中国工业* [China's Industry], no. 8 (25th July, 1942)
- Chen Yixin 陈意新. "Ershi shiji zaoqi xifang hezuozhuyi zai zhongguode chuanbo he yingxian 二十世纪早期西方合作主义在中国的传播和影响 [The Spread and Influence of Western Cooperativism in China in the Early 20th Century], *Lishi yanjiu 历史研究* [Historical Research], no. 6, 2002
- De Bary, William T. *Asian Values and Human Rights: A Confucian Communitarian Perspective*. Cambridge, Mass.: Harvard University Press, 1988
- Dollar, David. "China's rise as a regional power: The AIIB and the 'one belt, one road'." *Brookings*, July 15th, 2015: <https://www.brookings.edu/research/chinas-rise-as-a-regional-and-global-power-the-aiib-and-the-one-belt-one-road/>
- Duara, Prasenjit. *Rescuing History from the Nation*. Chicago: University of Chicago Press, 1995
- Duara, Prasenjit. *Culture Power and the State*. Stanford: Stanford University Press, 1988
- Eyferth, Jacob. *Eating Rice from Bamboo Roots: The Social History of a Community of Handicraft Papermakers in Rural Sichuan, 1920 – 2000*. Harvard East Asian Monographs 314, Cambridge, Mass. and London: Harvard University Press, 2009

⁵⁷ Peter Ferdinand argues that, for the One Belt One Road strategy to work, all participating states will need "to rise above potentially narrow self-interest." But this does not mean that all participants have to embrace the 'China dream' and relinquish their own national dreams. Ferdinand (2016), p. 957

- Fairbank, J. K. and Merle Goldman. *China: A New History*. 2nd enl. edition. Cambridge, Mass: Belknap Press, 1998
- Ferdinand, Peter. "Westward ho – the China Dream and 'one belt, one road': Chinese foreign policy under Xi Jinping." *International Affairs* 92, no. 4 (2016)
- Gray, Jack. *Rebellions and Revolutions: China since the 1800s to the 1980s*. Oxford: Oxford University Press, 1990
- Hayford, Charles. *To the People: James Yen and Village China*. New York: Columbia University Press, 1990
- King, Marjorie. *China's American Daughter: Ida Pruitt (1888 – 1985)*. Hong Kong: The Chinese University Press, 2006
- Liu, Jisong 刘纪荣. "Guojia yu shehui shiyexiade jindai nongcun hezuo yundong – Yi ershi shijie ersanshi niandai Huabei nongcun wei zhongxinde lishi kaocha 国家与社会视野下的近代农村合作运动——以二十世纪二三十年代华北农村为中心的历史考察" [The modern cooperative movement from the perspective of state and society – from the historical perspective of rural north China in the 1920s and 1930s] , *Zhongguo nongcun guancha* 中国农村观察 [Rural China Survey], No 2, 2008
- Ma, Yunping. "Gonghe yundong yu kangzhan jingji 工合运动与抗战经济" [The Indusco Movement and the Resistance War Economy], MA Thesis, Peking University, 1994
- Nathan, Nathan. *A History of the China International Famine Relief Commission*. Cambridge, Mass.: Harvard University Press, 1965
- Porter, Robin. *Industrial Reformers in Republican China*. Armonk, New York: M. E. Sharpe, 1994, chapter 6
- Prescott, Paul B. "John Bernard Tayler and the Development of Cooperatives in China, 1917 – 1945," *Annals of Public and Cooperative Economics* 64 (2), 1993
- Prescott, Paul B. *Jingji Xue: The History of the Introduction of Western Economic Ideas into China*. Hong Kong: The Chinese University Press, 2007
- Randall Stross. *The Stubborn Earth: American Agriculturalists on Chinese Soil 1898 – 1937*. Berkeley: University of California Press, 1986
- Reynolds, Douglas. 'The Chinese Industrial Cooperative Movement and the Political Polarization of Wartime China, 1938 – 1945,' Ph.D dissertation, Columbia University, New York, 1975
- Snow, Edgar. *Journey to the Beginning* New York: Vintage Books, 1972 (first published in 1958)
- State Council of People's Republic of China. "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," March 2015: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html
- Stross, Randall. *The Stubborn Earth: American Agriculturalists on Chinese Soil 1898 – 1937*. Berkeley: University of California Press, 1986
- Summers, Tim. "China's 'New Silk Roads': sub-national regions and networks of global political economy." *Third World Quarterly*, 37: (2016), 1628-1643
- Thomas. S. Bernard. *Season of High Adventure: Edgar Snow in China*. Berkeley: University of California Press, 1996
- Wales, Nym (Helen Snow). *China Builds for Democracy: A Story of Cooperative Industry*. Shanghai: Kelly & Walsh Ltd., 1941
- Xu Jilin. "Rural reconstruction, the Nation-state, and China's Modernity Problem: reflections on Liang Shuming's rural reconstruction theory and its practice," in *Culture and Social Transformations in Reform-era China* edited by Cao Tianyu, Zhong Xueping and Liao Kebin. Leiden & Boston: Brill, 2010, 235-256
- Zanasi, Margherita. *Saving the Nation: Economic Modernity in Republican China*. Chicago: University of Chicago Press, 2006