

"The Rewi-Ida Axis" and the Politics of American Aid to the Chinese
Industrial Cooperatives and the Shandan Bailie School

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"I began to think how I might put practical experience gained in factory inspection to the service of the resistance forces. Refugees were streaming into the interior. It was estimated that there must be 600,000 factory workers unemployed and dying on the streets. How could they best be organized to build a resistance industry?"¹

Rewi Alley had lived in China for ten years, working as a factory inspector in Shanghai, when the Japanese invaded in 1937. He became one of a group of patriotic Chinese and foreigners who sought a way to support industrial production in the unoccupied areas as part of the resistance movement. Thus the Chinese Industrial Cooperatives were born; Rewi became a key leader of the CIC. A promotion committee was begun by Liang Sicun (Hubert Liang), Hu Yuzhi, Lu Guangmian, Chen Hansheng, and banker Xu Xinliu. Soon they enlisted the support of H.H. Kong and T.V. Song, sisters Song Ailing, Song Qingling, and Song Meiling, who brought her husband, President Chiang Kai-shek into the movement. American journalists Edgar and Helen Foster Snow were key foreign supporters who raised funds among patriotic Chinese in the Philippines.

While Ed and Helen "Peg" Snow were fundraising in the Philippines, the task of organizing American support committees for the CIC fell to Ida Pruitt. An American-born in China, Pruitt established the profession of social work in China and wrote the now-classic *A Daughter of Han*. After the Japanese occupied Beijing, she organized international support for the CIC movement in Hong Kong before focusing her attention on the United States. Pruitt concentrated her efforts in the U.S. among representatives of important civic associations, especially other China Aid groups, although she also met with labor and racial minorities.

Mainstream sentiment opposed U.S. intervention against Japan, even as support for the European Allies against the Axis slowly grew. Ida Pruitt and other China Hands hoped to change this. In January, 1940, a coalition of sixty-five organizations, initiated by the Church Federation and the United Chinese Societies, called for an immediate embargo on the export

of airplanes and other war materials to Japan and a revision of the American Neutrality Acts of 1935-37.²

The strongest single group to lobby Congress and the Roosevelt administration on behalf of China was the American Committee for Non-Participation in Japanese Aggression (the "Price Committee.") Active members of the Price Committee included China missionaries such as Harry and Frank Price, Roger Greene, formerly the director of the Peking Union Medical College, Dr. Walter Judd, Congressman from Minnesota, and Geraldine and George Fitch, advisors to Chiang Kai-shek. The committee's single goal was to rally American public support for an embargo on the sale of war supplies to aggressor nations. Concerned that Americans would not be moved by the plight of China, the Price Committee argued that Japan's aggression in Asia threatened American self-interest.³

In contrast to the self-interest appeal used by the Price Committee, the Chinese Industrial Cooperatives' appeal to help Chinese refugees rebuild their lives clearly was a humanitarian one. A Hollywood, California Committee in Aid of the CIC was formed and chaired by noted author Lin Yutang. Its members included several executives of Warner Brothers and Paramount Studios, a representative of the Chinese Consulate, a Chinese restaurant owner and the chief of immigration and housing. Boston members included academics such as Professor Ernest Hocking, China scholars Olga Lang and John King Fairbank, Japan scholar Edwin Reischauer, members of the Eastern Cooperative Wholesale, among others. Philadelphia, Cleveland, Princeton, Rochester, San Francisco-Berkeley, Washington, and, of course, New York were early centers of Pruitt's organizing, as well.⁴

Urged on by the Snows from the Philippines, Ida Pruitt and other friends of China lobbied the American government to direct \$5 million in additional loans through the CIC.⁸ A distinguished list of sponsors petitioned the Roosevelt administration to lend economic aid to China through the Chinese Industrial Cooperatives. Edgar Snow was quite optimistic about the loan request: “I do not waste my time on things which have no chance of success....”⁵

A detailed list of eleven immediate uses for the proposed U. S. government loan included the purchase of idle cotton mills, spinning machines, small iron mines and steel works, and other factories for reorganization as cooperatives. Another portion of the loan would go toward the development of cooperatives from Turkistan to Yunnan province and in the front-line war areas, as well as the establishment of cooperative treasuries for each Marketing and Supply center. All the industrial plants would be bought or manufactured in China. A percentage of the loan would pay the salaries of engineers, technicians and organizers.⁶ The list reflects the CIC supporters’ strategy for supporting China’s cause against Japan by buttressing Free China’s economic infrastructure while avoiding a provocative U.S.-Chinese military alliance.

Additionally, a U.S. government loan to the CIC would serve the political purposes of Rewi Alley, the Snows, Pruitt, and others within the CIC movement, who were increasingly alarmed by the Chinese government attempts to undermine the original intent of cooperatives. (This faction became known as the “Rewi-Ida Axis.”) Edgar Snow wrote Pruitt:

Kung has gone crazy with anxiety to 'control' everything, RA (Rewi Alley) writes. Kung, insulted all the CIC leaders at the conference, told them he wanted to cut out all the refugee, crippled soldiers, etc. work, demanded that all co-ops, which weren't making 10%, be dissolved, and demanded, besides, a personal cut on all the co-ops profits. Called all the engineers and technicians a 'bunch of Reds,' and so on.... This loan is the last chance of saving CIC and the last chance of preventing civil war in the near future.⁷

In a letter to Hollington K. Tong, a sympathetic official of the Chinese government, Snow elaborated on Kung's plans for installing members of the fascist "C.C. clique" and the "blue shirts" into CIC leadership positions and requiring all CIC staff members to join the Nationalist Party. CIC had become a political plum over which rival cliques inside the government maneuvered for control.

The official CIC support group in the United States, which Ida Pruitt founded, came to be called "Indusco: The American Committee in Aid of Chinese Industrial Cooperatives." Indusco requested \$50 thousand of the U.S. government loan to China.¹² Twenty prominent Americans, among them, Pearl S. Buck and her publisher husband, Richard J. Walsh and John Dewey made the request of Generalissimo Chiang, with copies sent to President Roosevelt and Secretary of the Treasury Morgenthau.¹³ Although the Roosevelt administration turned down the loan request, Eleanor Roosevelt became a member of Indusco's advisory board.

Even before Roosevelt's rejection of the loan request, the "Rewi-Ida Axis" realized the independence and integrity of the cooperative movement would not be safeguarded by an American government loan. Ed Snow feared the U.S. would sell out China for peace with

Japan.⁸ Peg Snow was convinced that “America is the key to Everything in China Now.” The Snows and other Indusco board members realized their cause depended on the support of the American public.

Ida Pruitt soon found herself to be a central player in an ongoing battle between the original founders of the CIC and the supporters of the Nationalist government officials who occupied formal CIC leadership. This deeply divisive factional struggle was fed by the large sums of foreign donations to the CIC. Taking on many forms through the war and post-war years, the factions permeated all China aid work.

The "Rewi-Ida Axis, “in which Ed and Peg Snow were key strategists and most of the original field engineers played supporting roles, stood for genuinely worker-owned, democratically-managed cooperatives, controlled at the local level according to specific regional conditions. Supporters of high level CIC leadership, namely H.H. Kung and Mme. Chiang Kai-shek, were concerned primarily with centralized coordination and the cooperatives’ bottom line.

The International Committee of the Chinese Industrial Cooperatives remained under siege as Harry Price continued pushing for centralization of CIC management and control of all American funds by the Chinese government. Marine General Evans Carlson, who worked with the cooperatives in 1940, and popularized the slogan “gung ho,” which means “work together,” to the American public through a wartime film, reiterated the importance of the independence of both the International Committee and the American Indusco Committee.

“There is a vast gap between the bureaucrats and the earnest, self-sacrificing men and women who are actually making CIC work in the field. Independent foreign support is the

most important factor in bridging that gap, giving support and encouragement to the field workers and in assuring that the administration of Gung Ho will remain non-political, non-partisan, honest and constructive.”⁹

Other CIC supporters disagreed with Carlson, who clearly belonged to the “Rewi-Ida Axis.” They supported establishing a single committee, based in China’s wartime capital, Chungking, Szechuan, as the channel for all non-governmental American funds and contributions. This committee would designate a given percentage of its funds for the industrial cooperatives. In turn, a strong CIC Central Headquarters in Chungking under H. H. Kung’s leadership would distribute the funds to individual cooperatives, bypassing the International Committee altogether.

An oft-repeated rationale for transmitting foreign funds directly to Chinese government-led administrative bodies was Chinese nationalism. Chinese government leaders and the Americans who supported them accused Indusco of neo-imperialist control of foreign funds.¹⁰ This accusation discounted the many Chinese leaders of the cooperative movement, such as S.J. Chen, Manager of the Bank of China in Hong Kong, P.N. Chung, manager of the Central Bank of China in Hong Kong, T. Kai Liang, manager of the Bank of Canton, Hon. M.K. Lo, an active leader in Hong Kong, accountant J.M. Tan, Professor Chen Hanseng, formerly the head of the Institute of Social Science, Frank Lem, chief engineer of the CIC, and Homer Ling, a Christian worker--all members of the International Committee which disbursed overseas contributions to the cooperatives.¹¹ Neither did the charge of neo-imperialism consider the fundamental point: Indusco’s position of decentralized allocation of

funds granted authority to thousands of Chinese workers to use the foreign donations as they saw fit.

Representatives of fifteen China-related organizations supported increasing U.S. government and Red Cross funds for China relief, and petitioned President Roosevelt to stop material aid to Japan. Staff members from five groups formed the organizing committee: The Church Committee for China Relief, the Committee for Nonparticipation in Japanese Aggression, the American Bureau for Medical Aid to China, the China Aid Council, and the Associated Boards for Christian Colleges in China.¹² Garside reluctantly included Indusco as a sixth participating group only when Ida Pruitt repeatedly reminded him to notify her of meeting times.

Throughout the life of the joint endeavor, which adopted the name “United China Relief” (UCR), the participating agencies continuously struggled to restructure the organization. The church-related groups generally supported a consolidated structure while Indusco, the China Aid Council (CAC), and the American Bureau of Medical Aid to China (ABMAC) fought for greater autonomy for the member agencies.

Throughout their joint work, the participating agencies competed for relief funds. The Church Committee felt too much publicity focused on helping China “fight the battle for democracy” and not enough on alleviating human suffering. The Boards for Christian Colleges in China urged additional aid go to Chinese intellectuals and students. Indusco emphasized the cost effective use of funds for economic reconstruction. (Every \$100 in direct relief was converted into \$136 wages for a cooperative organizer and created \$2110 in new value.)¹³

In January of 1941, Peg Snow arrived in California from the Philippines to organize for Indusco. She lectured to groups of Berkeley students, Chinese Americans, and the YMCA. She instigated a Hollywood committee on war relief. Movie producer Samuel Goldwyn made a film about the destruction of Chinese factories, migrations to the interior and construction of small workshops. When Goldwyn agreed to include China in his appeal, he insisted on working with “somebody important.” As Peg left his office, he added, “Get Henry Luce...He’d be the man.”

In 1941 Henry Luce, publisher of *Time Life* and *Fortune*, was “probably the white man most important to the survival of hard-pressed Nationalist China,”¹⁴ Time-Life, Inc. had strongly supported the Chinese struggle against Japanese aggression since 1936 and named President Chiang Kai-shek and Mme. Chiang *Time's* Man and Wife of the Year for 1937.¹⁵ Luce joined the board of directors of United China Relief, personally contributed impressive donations, and solicited contributions from business leaders and readers of *Time* and *Life* and *Fortune*. Luce met with 200 leaders in the entertainment industry, who all promised to aid China.¹⁶ Goldwyn was the first to donate one thousand dollars. Producer David Selznick planned an event “which will send forty million Americans to bed weeping for China and emptying their pocketbooks.”¹⁷

Luce and other UCR board members considered Hollywood hype all well and good to generate public sympathy for China, but they much preferred soliciting large gifts from a few generous donors. According to Ida Pruitt, Rockefeller and Luce stated on record that the big givers should decide on the distribution of the contributions. All the China relief agencies resisted this infringement on their freedom to determine the use of their portion of UCR funds.

Two other UCR participating agencies warned Ida of the danger of being swallowed up by UCR and urged Indusco to join forces with them in a non-religious China aid coalition.¹⁸ Pruitt and the Snows leaned toward withdrawing from UCR. Pruitt judged that members of the Board of Directors like Henry Luce and John D. Rockefeller II were interested in “getting a footing in China and control through investments and trade,” not in supporting Chinese-owned grassroots enterprises such as the cooperatives.

The aim of the Snows and Pruitt was not pure relief for the Chinese people or investment opportunities for American business. Rather, their goal was to build three things: the cooperatives, non-partisan Chinese-American relations, and American understanding of “new guard labor relations and democratic processes.” Their ideal constituencies were unions, radicals, and socially-conscious groups.¹⁹ The absolute dollar amount of aid raised for China was less important than its wise allocation.

The internal UCR/Indusco power struggles took on great urgency in the eyes of the Snows and Pruitt because of the escalating crises in Europe and Asia. In 1941, the Allies were thrown back on every European front, as Germany advanced into the Soviet Union and submarine warfare threatened British supplies. Throughout the fall, high level U.S. Japanese talks continued, prompting fears of a “Chinese Munich” among Chinese leaders as well as sympathetic Americans. Pruitt detected a strong strain in UCR of appeasement to Japan.

The struggle between control and autonomy continued among all United China Relief agencies throughout the war and well into post-war reconstruction. For five months, UCR withheld Indusco’s share of public donations. In this way, they tried to force Indusco to relinquish its disbursement authority to the CIC Central Headquarters, which had fled with

the rest of the Nationalist government to Chungking to avoid Japanese attack. In support of their position, UCR officials and their sympathizers among CIC administrators emphasized the importance of retaining the support of Chinese government leaders, who insisted on complete freedom in their use of foreign donations. Indusco fought successfully to retain disbursement power, arguing on the basis of its contractual rights as well as the need to reassure the American public that donations would not fall into the hands of corrupt Chinese politicians.²⁰

The struggle within UCR between centralized and agency control of funds intruded into all levels of the CIC movement.²¹ Backers of the Central Headquarters in Chungking struggled to wrest control of American donations from both the International Committee and Indusco. The boards and staffs of both the International Committee and Indusco were divided into supporters of UCR/Central Headquarters control and supporters of decentralized control.

Throughout the war both the United China Relief and Indusco seriously considered severing their connections. The UCR never could quite pin the label “communist” on the industrial cooperatives but remained uneasy with the radical-sounding movement that sought to organize American workers, minorities, and women on behalf of Chinese workers. UCR’s leaders were well-appointed Republicans, whereas Indusco was supported by the Roosevelt New Dealers—intellectuals and social reformers.²² The UCR wanted to deliver aid to refugee intellectuals and church-related institutions, not to ordinary farmers and craftsmen. The UCR put great stock in Chinese organizations and leaders who were “pro-American” and educated in the United States; funding for medicine and orphanages was directed away from the millions of needy refugees living in Communist guerrilla-held territory and toward Mme.

Chiang Kai-Shek's organizations in Nationalist areas.²³ In contrast, Indusco carefully crafted its program to support Chinese grassroots economic initiatives that freed them from foreign aid and foreign leadership. Through the International Committee, funds were channeled into the Communist-held regions whenever possible, in accordance with the wartime United Front agreement between the Communists and the Nationalists.²⁴

In the eyes of the Rewi-Ida faction, the fight for control of donations was a desperate struggle to deliver American contributions to their intended recipients. Ravaging Chinese inflation ate up a great percentage of foreign funds. In the name of "inflation reserve," UCR deposited 44% of Indusco's allocated funds in a Chungking bank and refused to release them despite Indusco's repeated pleas for funds to evacuate hundreds of thousands of desperate cooperators from the Japanese advance.²⁵ Yet, the value of the Chinese dollar deteriorated hourly: by 1945 the average retail price index had climbed to 2,600 times that of 1937.

An even more insidious threat to foreign contributions was the ever-present corruption. Government corruption was well-known in Peiping before the Japanese invasion. Wartime privations only aggravated the most venal qualities of government bureaucrats, who smuggled luxuries such as perfumes, cigarettes, oranges, and butter into war-ravished Chungking. Chauffeured automobiles, carrying officials and their glamorously-dressed wives to sumptuous banquets, were a common sight in the streets of the fuel-short city.²⁶ Lower level officials, whose salaries had been cut to one-tenth of their pre-war levels by inflation, soon emulated their superiors' strategy of supplementing their income.

As the tide began to turn in Europe, the Roosevelt administration launched several historic initiatives that would guarantee American leadership in the post-war world. The

United Nations Monetary and Financial Conference met in July at Bretton Woods, New Hampshire, to create an International Monetary Fund (IMF) and an International Bank for Reconstruction and Development (World Bank).

Indusco initiated its own post-war program during the Fall of 1944, a program that challenged the central tenets of the World Bank and model of development. Pruitt argued for the importance of small-scale industry for both the American and Chinese post-war economies and urged that visiting Chinese engineers be shown some small American factories. She worried that, if shown only Bethlehem Steel and the Tennessee Valley Authority, Chinese policy-makers, “through face and a desire to be like others,” would concentrate their scarce resources exclusively on large industries. Ida’s vision of the Gung Ho cooperatives would offer the benefits of industrialization, including “the possibility of making enough goods so that all can have all the goods they need, that all can have enough to eat, that disease can be conquered,” without destroying China’s social patterns and spiritual wealth. Indusco saw American labor unions as a crucial component of their planning for the future. Although organized labor had been one of Indusco’s wartime constituencies, it had not contributed substantial aid to Indusco during the war. Indusco hoped for post-war support from this ideologically-sympathetic group of the American public. During the Spring of 1945, as peace came into view, Peg Snow contacted the AFL/CIO relief committees urging them to target their relief funds to the Chinese Communist Eighth Route Army through donations to Indusco.²⁷ Unfortunately, the tone of her letters came across as insulting, condescending, and inaccurate, according to labor activist Tillie Olsen, and threatened to sow seeds of dissension within the movement.²⁸

Indusco's difficulties with American labor lay deeper than Peg Snow's indiscreet correspondence. Some of the left-leaning AFL unions were alarmed to hear that American relief, including Indusco funds, was withheld from refugees in Communist-held areas of China. In conversations with Tung Piwu, Communist representative to the United Nations conference in San Francisco, union activists Tillie Olsen and Helen Wheeler learned that the communists dismissed the CIC as completely dominated by the Nationalists and that communist-governed regions had not received any Indusco money. The Communists apparently did not realize that cooperatives outside Nationalist-controlled areas received funds through the International Committee independently from the Central Headquarters of the CIC.²⁹ Nor would they ever appreciate the ongoing struggle by the "Rewi-Ida Axis" to preserve the International Committee's allocation authority.

The rumor of Nationalist dominance of the industrial cooperatives threatened to destroy American labor's support of the movement. Indusco responded in several ways to the misconception that Chiang Kai-shek controlled the Gung Ho cooperatives. The office supplied their potential union allies with evidence in the form of telegrams and financial statements as proof that funds were reaching the cooperatives outside of Nationalist-government control, via the International Committee, not the UCR.³⁰

Concurrently, the Indusco labor liaison, Victor Hicks, began a campaign to lobby the UCR directly to fund the Border Region cooperatives in the interest of bi-partisan allocation of relief funds. Accompanied by Ida as well as International Committee members Israel Epstein and Elsie Fairfax-Cholmeley, Hicks met with both Congressional and labor leaders to

win support for Indusco's cause within UCR. The group, which found Congressional representatives surprisingly uninformed about China, insisted that no UCR funds had reached the cooperatives in Communist areas since 1939. They urged the Congressmen to pressure the UCR to distribute American aid to all parts of unoccupied China.³¹

The Asian war ended dramatically on August 14 with Japan's surrender after atomic bombs were dropped on Hiroshima and Nagasaki. United China Relief soon began its own post-war planning for "constructive service, which will be beneficial both to China and to America."³²

Wrangling between UCR and the agencies continued well into 1946. Throughout that year, as the little Gung Ho cooperative enterprises throughout northwestern and southeastern China struggled to recover after the anti-Japanese war, UNRRA (United Nations Relief and Rehabilitation Administration) and CNRRA (China National Relief and Rehabilitation Administration) began their post-war aid projects. The failure of the United Nations, the Nationalist Chinese government, and the American government to prioritize village-level economic reconstruction, which immediately benefited China's rural population and laid the foundation for future self-reliance, gave the CIC movement a sense of urgency and its importance in China's future.

Toward this end, and after much deliberation, Indusco continued to work as an agency within United Service to China (USC), the postwar name for United China Relief. Among USC donors, economic rehabilitation was a popular cause. USC paid lip-service to the principle of aiding civilians in all areas of China. Yet when pressured by the American China

Policy Association about the use to which USC funds were put in the Communist capital of Yanan, USC assured the Association that the money was designated for very limited medical aid. “Well over 90% of the funds UCR and USC have sent to China have gone into areas controlled by the Nationalists.”³³ In fact, Indusco was the largest of the USC agencies with programs in both Nationalist and Communist-controlled regions of China, although most of Indusco’s funds also went to Nationalist areas.

The war-weary American public was not eager to make private contributions to Chinese war victims. Seven million dollars were donated to USC in 1946, but donations fell precipitously to \$1.5 million in 1947.³⁴ The following year, USC raised less than \$1 million. As the Chinese financial crisis worsened, American relief funds for China dried up, leaving all of the USC agencies, including the cooperatives and Bailie training schools, with very little outside support.

The financial crisis within United Service to China, played out against a backdrop of civil war in China and cold war in Europe, exacerbated the conflict among the participating agencies. Inter-agency conflict had smoldered throughout World War II, the natural consequence of the agencies’ differing missions and leadership styles--and threatened to burst into flames during the postwar financial crisis.

Indusco’s decision to remain in USC was provisional, based on their calculation that the USC umbrella possibly worked to the advantage of a controversial cause such as the cooperatives.³⁵

As USC relentlessly insisted on controlling Indusco funds and as other forms of American and international postwar relief channeled money almost exclusively to Nationalist regions of China, the Indusco Board supported Ida Pruitt's decision to bypass United Service to China. Surreptitiously, Indusco began to collect and send funds directly to the Bailie Training School in Shandan, where Rewi was the headmaster.³⁶ By October, the abysmal failure of the USC fundraising campaign brought the struggle for control to an impasse. Accustomed to receiving \$24,000/month since January, Indusco was put on a starvation diet of \$2,000/month for the remainder of 1947. In a 180-degree change in policy direction, USC encouraged its agencies to conduct independent fundraising.

The dual financial crises within USC and in China generated new conflicts within the CIC movement, itself. CIC activists lobbied for or against the "Rewi-Ida Axis." Rewi, Ida and confidante Peg Snow exchanged frequent letters in which they spoke darkly of the forces of "reaction and fascism" infiltrating their ranks. A sense of alarm filled Peg Snow's letters to Rewi and Ida, as she tried to convince the two that Rewi's life was in danger.

The shrinking pool of foreign donations split the cooperative movement wide open. The "Rewi-Ida Axis" argued that the most effective strategy for promoting genuine cooperatives was to intensify membership education about accounting, technical skills and cooperative principles. Training potential leaders at the Bailie school in Shandan was the linchpin in this strategy.³⁷ The "Rewi-Ida Axis" further proposed that foreign funds should support projects in their early stage before the project became self-supporting and profitable.³⁸ The opposition, led by the International Committee's Executive secretary Peter Townsend and Hong Kong Bishop R.O. Hall, argued for dividing the foreign funds equally

between the remaining cooperatives and the Bailie training center.³⁹ This group also placed greater emphasis on sound business practices: “We must weigh any proposed addition or increase . . . in terms of its profitability, its contribution to the movement, and above all, our ability to meet the cost.”⁴⁰

Tensions between United Service to China and Indusco further intensified with the decline of revenue. In early March, Ida reminded the USC of its nonpartisan mission statement and inquired about sending funds directly to the “North,” that is, to Communist regions. More than Shandan’s survival and cooperative principles were at stake. Looking ahead to the clear possibility of Communist victory, Ida and others realized that the pattern of American nongovernmental donations was sure to affect American relations with China’s new government.

While Indusco and a few other agencies within USC responded to the Communists’ military advance by reasserting their non-partisanship, USC contributed to the shift of American China policy to the right.⁴¹ As U.S. elections approached, Democratic and Republican parties both campaigned on a platform of greater support for the Chinese Nationalist Party, which had already received six million dollars in aid. Henry Luce and Walter Judd, moving forces within USC, demanded that Congress appropriate one and a half billion U.S. dollars to aid Chiang’s armies.⁴²

After USC’s open commitment to the Nationalists, many activists, including Ida, feared that Indusco’s association with USC would brand it as an imperialist in the eyes of the Communists.⁴³ One of few China-aid agencies which genuinely attempted to be nonpartisan during China’s civil war was caught in the crossfire.

Chiang Kai-shek's forces were effectively destroyed in the battle for Huai-Hai on January 10th, 1949, even before Communist troops defeated them in Tientsin, and Peiping peacefully surrendered on January 22nd. On the day Shanghai changed hands, the United Service to China field director in China report that influential people in the Communist government were open to dialogue with Western interest groups. An internal USC debate ensued, which coalesced around three positions. The first wanted to continue work in the "spirit of friendship and conciliation." The second emphasized some of the Communist leaders' opposition to "all the principles of freedom, democracy, and Christianity upon which the activities of USC and its agencies have been built...." They argued that the Communists' current non-interference in American relief work would soon turn to an attack on Americans as "imperialists." The third USC position wanted to carry on the work until the present crisis passed, hoping "the sturdy common-sense and tenacity of the Chinese people will temper the harshness and ruthlessness which communism has displayed elsewhere in the world."

The first articulated position was made on humanitarian, apolitical grounds; the other two were strategic moves from an anti-Communist stance. All views agreed on the importance of continuing USC services for as long as the Communist government allowed its programs to remain. However, the drastic reduction of American donations as Communist forces gained control in China soon forced the ending of most USC programs.⁴⁴ Not all Americans jumped on the bandwagon of anti-communism. Many supported Indusco as the best way to maintain ties with China during a period of American political reaction.

Some Indusco supporters were former missionaries who simply agreed with the Gung Ho principle of economic self-help. Donations to Indusco in 1949 exceeded those of the year before.⁴⁵ Indusco sought to capitalize on the progressive public's renewed interest in China by emphasizing their industrial cooperatives and women's programs in Communist strongholds while remaining apolitical.

In late November, 1949, a six-page, unsigned, confidential report accused Indusco of being a Communist-front organization. The report set in motion an ongoing investigation of Indusco by the Federal Bureau of Investigation. Ironically, the Chinese Communist government was equally suspicious of Indusco. Through the Chinese leftist press in the United States, Communist officials sharply attacked overseas aid as "philanthropic imperialism" for its political and material support for Chiang Kai-shek, as well as its determination to control Chinese affairs through its charity. Ida Pruitt cautioned the Indusco board that Indusco's continual membership in USC might very well render ineffective its aid to Rewi's Bailie School in Shandan.⁴⁶

In December, 1950, the United Service to China closed its office for lack of funding. The American public, not the Chinese Communist government, severed the decades-long ties of service and friendship. Ironically, USC's role in shaping the American public's anti-Communist views ultimately worked against their own programs.

After USC's closing, Indusco continued to struggle with declining revenues as its large donors withdrew, despite an increase in membership by American progressives.⁴⁷ Some members expressed suspicions about China and Indusco's relationship to the communists. Ida assured members that Indusco continued to be non-political under Communist rule, as it had

been under the Nationalists. As in the past, the Bailie School, itself, remained independent until the Ministry of Industry actually took over its administration in November, 1951.⁴⁸

Ida pressed Rewi to define Indusco's relationship with the Bailie School after the Ministry of Industries assumed its management.⁴⁹ But, Rewi, who had been appointed Head Master of the newly-reorganized school, knew that Gung Ho was obsolete. His letters described China's great land reform and anti-corruption movements and were filled with concern about the Korean War.⁵⁰

Besides, his letters continued in a proud, defensive tone, "China now gives relief. She does not take it... Doctors and nurses, welfare workers go to Korea. ...So, your help has come to an end..."

During the first half of 1952, the ongoing military conflict between China and the U.S. in Korea opened Indusco to further U.S. government scrutiny.⁵¹ Three to four hundred Indusco members continued to support the Shandan Bailie School as an expression of their friendship for China and probably their opposition to U.S. policy in Korea.⁵² At the June 13th meeting, the Indusco board agreed to dissolve. Individual board members vowed to continue working for Chinese-American understanding through organizations such as the China Welfare Appeal.⁵³

Ida Pruitt wrote Rewi about the decision:



All of us who have worked together all these years for the industrial co-ops and the Bailie School ...are at a bend in the road. For the Chinese it means their country and their institutions to themselves and for the Westerners it means putting our energies and ideas to use in other ways for the same great goal--the brotherhood of man. I can understand the Chinese desire to have their home to themselves while they are putting their new house in order and I can understand their conviction that each of us should be working in our own homelands with our own peoples for this brotherhood of man and the peace it will bring.⁵⁴

¹ Rewi Alley (hereafter RA), *At 90: Memories of My China Years*, Beijing: New World Press, 1984, p. 104.

² "San Francisco Chinese Push Big Drive for China Relief," *The P. 104 China Press*, Feb. 1, 1939. "San Francisco Asks Embargo Against Japan," *China Press*, Feb. 6, 1939. Among the sponsoring groups were religious, commercial, labor, veteran, women's and the American Legion.

³ Warren I. Cohen, *The Chinese Connection: Roger S. Greene, Thomas W. Lamont, George E. Sokolsky and American-East Asian Relations* (Studies of the East Asian Institute) June 1978, p. 215.

⁴ Ida Pruitt's Papers (hereafter IPP). (Pruitt's files have undergone reorganization after acquisition by the Schlesinger Library on the History of Women in America, Radcliffe College.

⁵ Helen Foster Snow (hereafter HFS) to Richard J. Walsh, June 24, 1940, (IPP).

⁶ Edgar Snow to Hollington K. Tong, Aug. 4, 1940, (IPP).

⁷ Edgar Snow to Ida Pruitt (hereafter IP), Aug. 5, 1940, (IPP).

⁸ HFS to IP, July 14, 1940, Edgar Snow to IP, July 14, 1940, (IPP).

⁹ Evans Carlson to IP, Nov. 5, 1940, p. 3 (Indusco Collection, Rare Book and Manuscript Library, Butler Library, Columbia University, Box—131) See Evans F. Carlson, *Twin Stars of China: A Behind-the-Scenes Story of China's Valiant Struggle for Existence by a U. S. Marine Who Lived and Moved with the People*, N.Y.: Dodd & Mead, 1940. S. Bernard Thomas, *Season of High Adventure: Edgar Snow in China*, Berkeley: University of California Press, 1996, pp. 172, 195.

¹⁰ Geoff Chapple, *Rewi Alley of China*, Auckland: Hodder and Stoughton, 1980, p. 143.

¹¹ International Committee membership list, Dec. 1940 (Indusco-Butler).

¹² United China Relief/United Service to China Collection, Princeton University Library, Box 10 Folder 5.

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- ¹³ Conference of the Controlling Boards and Committees and Executive Staffs of participating Agencies with Members of the Board of directors of United China Relief, June 19, 1941, (UCR/USC-Princeton, 10-10), George Fitch to Dick Walsh, July 25, 1941, (UCR/USC-Princeton, 36-2).
- ¹⁴ HFS to IP, Jan. 17, 1941, (Indusco-Butler, 31).
- ¹⁵ Patricia Neils, *China Images in the Life and Times of Henry Luce*, Savage, Md.: Rowman & Littlefield, 1990, p. 57.
- ¹⁶ Henry Luce to Otis Peabody Swift, c. Feb. 1941, (UCR/USC-Princeton, 7-12).
- ¹⁷ Henry Luce to Otis Peabody Swift, c. 1941, (UCR/USC-Princeton, 7-12).
- ¹⁸ IP to Evans Carlson, Aug. 8, 1941, (IPP).
- ¹⁹ IP longhand notes on scrap paper, Sept. –Dec. 1941 (Indusco-Butler, 42).
- ²⁰ B. A. Garside to Herod, AP 24, 1942, (UCR/USC-Princeton, 36-1.) IP to Lauchlin Currie, Sept. 22, 1942, (Indusco-Butler, 126).
- ²¹ IP summary of John Lyman Report, Nov. 10, 1943, p. 1, (IPP).
- ²² IP to Lauchlin Currie, Sept. 22, 1942, (Indusco-Butler, 126).
- ²³ “Report of the Indusco Committee of Four on Past and Future Participation in United China Relief,” (confidential), July 8, 1943, (Indusco-Butler, 177).
- ²⁴ Edward C. Carter to Lenning Sweet, AP. 28, 1943, (IPP).
- ²⁵ IP to Mary Ferguson, May 17, 1944 and May 25, 1944, and IP to E. C. Carter, June 29, 1944, (UCR/USC-Princeton, 35-6). Confidential, “Dec. 30, 1944, (Indusco-Butler, 126).
- ²⁶ Lloyd E. Eastman, “Nationalist China during the Sino-Japanese War, 1937-1945,” *The Nationalist Era in China: 1927-1949*. Cambridge: Cambridge University Press, 1991, pp. 158-59.
- ²⁷ HFS to Helen Wheeler, March 15, 1945, (Indusco-Butler, 176).
- ²⁸ Victor Hicks to Ida Pruitt, May 8, 1945, (Indusco-Butler, 176).
- ²⁹ IP to Victor Hicks, May 14, 1945, (Indusco-Butler, 176).
- ³⁰ Lucy Pearce to Victor Hicks, May 15, 1945, (Indusco-Butler, 176).
- ³¹ “June 8 Washington, D. C. Trip of Victor Hicks,” June 19, 1945, (Indusco-Butler, 176, misfiled as June 8, 1947).
- ³² B.A. Garside to James I. Crider, Sept. 19, 1945, (IPP).
- ³³ B.A. Garside to Gov. Edison, Oct. 17, 1946, (UCR/USC-Princeton, 70-4).
- ³⁴ Indusco Board of Directors’ Resolution, June 17, 1947, (IPP).

³⁵ IP to HFS, Aug. 26, 1947, (IPP).

³⁶ Garside to Brinckerhoff, Hill, Hallenbeck, McKenna, Witherspoon, Sept. 30, 1947, (UCR/USC-Princeton, 0-7). (A consolidated program, American Overseas Aid, took over fundraising for relief and rehabilitation in both Europe and Asia beginning in 1948.)

³⁷ RA to Eleanor Hinder, June 15, 1957, (Indusco-Butler, 176) IP notes before the June 3, 1947 meeting, p. 3 (IPP).

³⁸ "On the Future of the Industrial Cooperative Movement," July 20, 1947, (IPP).

³⁹ Peter Townsend to Melvin Fox, Nov. 14, 1946, (Indusco-Butler, 27).

⁴⁰ Peter Townsend to RA, June 17, 1947, (Indusco-Butler, 33).

⁴¹ In June, 1949, the American Friends Service Committee and part of the China Aid Council, which reorganized as the China Welfare Appeal, withdrew from the USC over the use of political arguments in USC promotional literature.

⁴² IP to Max Bickerton, March 4, 1948, (IPP).

⁴³ Indusco board minutes, Oct. 14 and Nov. 16, 1948, (IPP).

⁴⁴ USC Executive Committee minutes, Nov. 8, 1949. (IPP).

⁴⁵ Indusco board minutes, June 21, 1949, p. 2, (IPP).

⁴⁶ IP memo to Indusco board, June 15, 1949, (IPP).

⁴⁷ Indusco board minutes, Jan. 17, 1959, (IPP).

⁴⁸ IP to Sophie Voorhees, Jan. 16, 1959, to C.A. Ellenberger, c/o B.A. Garside, June 5, 1951, (IPP).

⁴⁹ IP to PA, Nov. 14, 1951, (IPP).

⁵⁰ RA to IP, Jan. 25, Feb. 13, May 28, June 2, June 3, 1952, (IPP).

⁵¹ Correspondence between Ida Pruitt and Evans Clark, May 1-June 4, 1952, refers to an anonymous "confidential report" about Indusco, but gives no date or other specifics about the report. (IPP).

⁵² IP notes and Indusco board minutes, June 13, 1952, (IPP).

⁵³ Indusco board minutes, June 13, 1952, (IPP).

⁵⁴ IP to RA, June 17, 1952, (Indusco-Butler, 10).