

Subject:

CHINESE INDUSTRIAL COOPERATIVES

Submitted by:

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(Voluntary)

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

INDEXED

FILE No

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I have before me a flood of news clippings and some bulletins descriptive of the Chinese industrial cooperatives. Most of them present glowing pictures of work done, present activities and future plans. A report by Theodore Herman, executive secretary of the Hong Kong promotion committee in January states that there are 1,300 industrial cooperatives in China doing an aggregate business of yuan or Chinese \$4 million a month. The statistical data regarding the progress of this movement must, however, be considered in light of special environmental conditions of the various sections in which these cooperatives are introduced. Full cognizance must be taken of the fact that these industrial cooperatives are new to China. It appears, however, that those in charge of the work realize the necessity of doing a considerable amount of educational work especially adapted to the different communities in which they are functioning.

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According to reports, much has already been accomplished. In the northwest, these industrial cooperatives are making army blankets, padded overcoats, absorbent cotton and gauze bandages and towels.

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In Chengtu, the cooperative's machine shop is turning out a new and improved spinning wheel, costing the equivalent in American currency of about 25 cents. As many as 30,000 of these improved spinning wheels have gone into the villages near Chengtu. They are gradually replacing the several million of old and less efficient wheels which possess but a fraction of the capacity of the new devices. With one, a trained worker can produce 42 ounces of yarn per day compared with 2 ounces by the old

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process. In the southeast, industrial cooperatives are making small machines, printing presses, flour mill machinery and oil presses. In other parts of China the machine shop cooperatives are making hand presses for manufacture of buttons from old kerosene tins, etc., small platform weighing scales and weights, hand weaving looms for towels and cloth, manual rolling machines for bakeries and food shops, rice mills, foundry equipment, moulds for bottle making, laundry irons and hand tools of all sorts.

In Kiangsi, there are cooperatives for soybean products, cotton weaving, mosquito nets, dried meat products, hosiery, jam making, soap making, drawing chalk, bamboo products, mosquito incense, ramie sandals, straw mats and candles.

Without further enumeration of the varied lines of work of still other cooperatives, it is patent from those as listed above that they cover a vast category of commodities and products. Efforts are naturally made to accentuate those products which harmonize with environmental raw materials and local needs.

Reports indicate that in Hunan, Hupeh, Shensi, Sikang, Yunnan and Honan Provinces the total capital of cooperatives established in 80 counties is Chinese \$8 million or about US\$900,000. Other areas show different sums of money involved in advances, in sales and other factors concerning the financial aspects of the work. The funds as raised for the support of these cooperatives are divided into three categories, (1) capital, for advances to individual cooperatives, (2) promotion, for the expenses of directional machinery, and (3) special, for bringing labor, machinery and raw materials together.

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Concerning these industrial cooperatives, the Minister of Economic Affairs, Chungking recently reported as follows:

"COOPERATIVE INDUSTRY"

"Big industry could not be divorced from cities and important lines of communication and was, therefore, vulnerable to air attack. A plan for decentralization was launched involving the formation of a nation-wide chain of 30,000 industrial cooperatives to parallel, and also to supplement, the gigantic industrialization scheme of the Chinese Government.

"Beginning in August 1938, with a very limited capital fund, the Chinese Industrial Cooperatives had by February, 1939, absorbed thousands of refugee workers and had brought new life and economic stability to many districts.

"MANY LITTLE CENTERS"

"These decentralized small industries not only have the advantage of absorbing idle refugees; they also keep workers busy and train them with the new objective in view, so that they can become the vanguard of the new industrial movement at the present stage of China's economic development.

"The immediate significance of the rural industrial cooperatives is that during the period of the war they will be little economic centers for continued resistance in every county, town and village, no matter what happens to the main cities and lines of communication."

Funds for starting the industrial cooperatives are advanced from central and provincial government subsidies, from bankers' loans and from outright donations and contributions. Many of the latter have been raised from outside of China. As the movement progresses, greater technical skill, organizing ability and accounting machinery are required. These are in process of development. It is too early as yet to make any conclusive statements regarding the permanent success of the movement. It may be said, however, that it gives promise of

producing in the economic life of present day China a badly needed bridge spanning the gulf between the nation's primitive domestic handicraft and modernly organized industrialism

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