

Appropriate Forms of Enterprise: The Prairie and Maritime Co-operative Movements, 1900 - 1955

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Appropriate Forms of Enterprise: The Prairie and Maritime Co-operative Movements, 1900 - 1955*

At first glance, Eurocentric societies in the nineteenth century were characterized by a stress on a competitive ethic. Charles Darwin's ideas on the struggle of the species, the adaptations of those ideas by the Social Darwinists, the support for laissez-faire economic theory, the vogue of imperialism, the glorification of militarism, were all prominent strains in the century's history. Paradoxically, and to some extent in reaction to the emphasis on competition, there was a less powerful but nevertheless significant stress on co-operation. On a philosophical level, anarchist theorists, from Proudhon to Kropotkin, were repelled by the competitive conflicts of their age and envisioned more peaceful, co-operative worlds. Socialists, especially Christian socialists, sought similar bases for less competitive societies. In the world of religion, pietist groups, such as Quakers, Mennonites, and Doukhobours, continued their historic quest for harmonious community life. Even in the economic order, there was some emphasis on co-operation as cartels and professions, shocked by the sudden fluctuations in the market place, joined together in various types of combinations and associations. Finally, there was the co-operative movement, one of the most significant and permanent nineteenth-century reactions against the emphasis on unbridled competition.¹

* The author is deeply indebted to Professor D. MacInnes, for his helpful advice and criticism. He is also grateful to the Canada Council and the University of Victoria for making possible the research necessary for this paper.

1 There is no adequate single survey of the international co-operative movement. One of the first efforts at providing such a survey was Margaret Digby, *The World's Co-operative Movement* (London, 1944). Inevitably, it now requires considerable updating and revision. Insights into some of the movement's tensions can be gleaned in W. P. Watkins, *The International Co-operative Alliance, 1893 - 1970* (London, 1970), and in the various publications of the Horace Plunkett Foundation, Oxford. A useful introduction to the thought of the co-operative movement is P. Lambert, *Studies in the Social Philosophy of Co-operation* (Liège, 1963), though it is an awkward translation of the French original. Perhaps the best sources for examining developments in the international movement is *Annals of Public and Co-operative Economy*, a journal published, latterly at Liège, since 1908. The International Co-operative Alliance, London, and the Horace Plunkett Foundation, Oxford, have also published numerous studies directly and indirectly concerned with the main ideas of the movement.

The co-operative movement had its origins in the activities of a group of nineteenth-century idealists, notably Robert Owen, William King, William Raiffeissen, Hermann Schulze-Delitsche, and Bishop Grundtvig. Its success, however, depended upon the support of large groups of people who believed that co-operative methods could help them resolve some of their economic and social problems. The first large group was made up of urban workers in Great Britain and a few other European countries who tried to raise their standard of living by organizing extensive consumer co-operative movements.² The second large group, found initially in Italy and Germany, consisted of people in cities, towns, and rural areas who developed co-operative credit institutions to provide themselves with savings and loans services.³ The third group consisted of farmers — in the nineteenth century best exemplified by the Danes — who turned to co-operative action to secure improved marketing systems and better quality for their produce.⁴ These three main types of co-operative activity spread slowly throughout the North Atlantic and Australasian worlds in the late nineteenth and early twentieth centuries. They achieved differing degrees of success depending upon how various groups perceived themselves, their problems, and their futures. Thus, there were significant variations among and within national movements. In retrospect, the variations in Canada were particularly significant partly because of what they indicate about the nature of the nation.

The Canadian co-operative movement can be broken into regional segments embracing Newfoundland, the Maritimes, Québec, Ontario, the Prairies, British Columbia, and the North. The movements in all these regions have interacted with each other, but the closest, most important exchanges in the twentieth century have been between co-operators in the Maritimes and the Prairies. Though developing at different rates and achieving varied degrees of economic power, the movements in these two regions have generally progressed in similar directions at approximately the same time. Over the years there has been a continuous exchange of people and in more recent years, an important flow of capital between the two movements. More sig-

2 The standard reference on the British consumer movement is A. Bonner, *British Co-operation* (Manchester, 1970). For a more controversial interpretation see P. N. Backstrum, *Christian Socialism in Victorian Britain* (London, 1974).

3 For a good brief survey of the emergence of credit unions, see J. C. Moody and G. C. Fite, *The Credit Union Movement* (Lincoln, 1971).

4 The classic reference in English on European agricultural co-operation is H. W. Wolff, *Co-operation in Agriculture* (London, 1914). There is, however, an extensive literature on the movement in nearly every European country. The *Annals of Public and Co-operative Economy*, through its articles and reviews, is a very useful introduction to the extent and nature of this literature.

nificantly, co-operators in the two regions have demonstrated an affinity of minds, a shared perspective on Canada, and a willingness to join together in common projects. In total, the mingling of Maritime and Prairie co-operators has been one of the most powerful factors in the development of the Canadian co-operative movement.

The two movements have similar roots. In rural areas, they stretch back to the early farm organizations of the later nineteenth century. In those years, farmers, reacting to the pressures of increasing competition, banded together to form mutually-owned organizations. Most of the institutions they developed had local purposes and were spontaneous self-help community projects more than they were conscious parts of the co-operative movement. Mutual insurance companies, creameries, cheese factories, and stock-buying associations were the most common kind of organizations that were formed. There were two larger attempts at co-operative action in the nineteenth century that to some extent transcended localism and sought to bring a sense of belonging to a movement to the farming people of the two regions. The Patrons of Husbandry, or Grange, though never powerful in either region, did appear in the 1870s. In its wake it brought information on its Ontario operations which included an insurance company, a trust company, and a wholesaling operation, all of which stressed diverse ownership, a measure of member control, and social responsibility.⁵ Though not co-operatives, these early examples of farm organizations did seem to subsequent generations to be in a co-operative tradition. In the 1890s the Patrons of Industry developed in both regions and, before dissipating its strength in political activities, explored and encouraged the possibility of co-operative action.⁶

The nineteenth century, then, left an inheritance of interest in organized co-operation, albeit one that had not produced a strong sense of movement or even permanent institutions. This inheritance contributed significantly to the outbreak in agrarian co-operative development that took place between 1900 and 1914. An even more important role was played by concern over the marketing problems which widely beset Canadian farmers in this

5 The main focus for the Grange, of course, was Ontario but there were Grange organizations in the two regions. The first Grange in Nova Scotia was established in 1874, the same year the first Grange was organized in Ontario. In 1879, W. B. Blair, a Nova Scotian MLA was elected to the Grange Executive. See the *Annual Proceedings* of the Dominion Grange for incidental references to the Grange in the Maritimes. For discussions of the Grange on the Prairies, see L. A. Wood, *The History of Farmers Movements in Canada* (Toronto, 1924) and J. Schulz, *Rise and Fall of Canadian Farm Organizations* (Winnipeg, 1955).

6 The patrons did not organize in the Maritimes but they did have an impact in that Maritime farmers did take an interest in the movement and considered it at some of the meetings of their organizations. See *Farmers' Weekly Sun*, 18 March 1894.

period. As subsistence farming and farming based on local economies gave way to more sophisticated, specialized forms of agriculture, many farmers became very interested in producer co-operation. By joining together, farmers could by-pass some of the jobbers and middlemen who had stood profitably between them and consumers; by pooling orders, they could purchase more cheaply the supplies necessary for commercial agriculture; and by sharing information and stressing standards, they could significantly improve the quality of the produce they sold. In organizing the countryside to meet the needs of a more urban, industrial Canada, farmers in the Maritimes and Prairies, as well as elsewhere, quickly found that co-operatives could play a vital role.⁷

Naturally enough, the kinds of producers who turned most easily to co-operative action were those who had — and knew they had — major difficulties in marketing. In the Maritimes the farmers who collectively were drawn to co-operative marketing most readily were found among the apple growers. Generally concentrated in the Annapolis valley, concerned about developing a high standard for their produce, and particularly interested in organizing for European and central Canadian markets, they could quickly perceive the possibilities co-operative methods offered. Similarly, many Prairie grain growers, caught in a complicated, extended marketing system, quickly gleaned the potential of co-operative marketing. Both groups organized their first large ventures at about the same time, the Grain Growers Grain Company in 1906,⁸ the same year that a number of small independent co-ops began in the Annapolis Valley. In 1911, fifteen of the latter came

7 For more detailed examinations of the movements in the two regions, see R. J. MacSween, "Co-operation in Nova Scotia" (unpublished manuscript, Public Archives of Nova Scotia, n.d.); I. MacPherson, "Patterns in the Maritime Co-operative Movement", *Acadiensis*, V (Autumn, 1975), pp. 67 - 83; and J. Trevena, *Prairie Co-operation, A Diary* (Saskatoon, 1976).

8 Strictly speaking, the Grain Growers Grain Company, as it was forced to organize in 1906, was not a co-operative. Before granting it the right to join, for example, the Winnipeg Grain Exchange insisted that the company drop a patronage dividend system. Subsequently, the co-operative "bona fides" of the company became a very divisive issue in the Canadian movement. The G.G.G. (after 1917, the United Grain Growers), however, continued to see itself as a co-operative, stressing its membership involvement, its partial introduction of a patronage dividend system, and its concern over broad issues. During the 1940s and 1950s the U.G.G. was accepted back into co-operative circles by a steadily growing number of co-operators. For considerations of this issue see H. A. Innis, *The Diary of A. J. Macphail* (Toronto, 1940), *passim*; R. D. Colquhoun, *The First Fifty Years, A History of the United Grain Growers* (Winnipeg, 1957), pp. 198 ff.; J. F. C. Wright, *Prairie Progress, Consumers' Co-operation in Saskatchewan* (Saskatoon, 1955), pp. 34 - 5; I. MacPherson, "The Co-operative Union of Canada and the Prairies", in S. Trofimukoff, *The Twenties in Western Canada* (Ottawa, 1972), pp. 50 - 74; and W. A. Mackintosh, *Agricultural Co-operation in Western Canada* (Toronto, 1924), pp. 93 - 4.

together to form the United Fruit Companies.⁹ In addition to these major forms of rural co-operative activity, there were other important, though less united, efforts at co-operative action. Continuing from the nineteenth century, creameries, cheese factories, and mutual insurance companies expanded in number and size between 1900 and 1914.¹⁰ At the end of the period, too, co-operative egg circles, operated largely by farm women, began to appear in both regions,¹¹ and there was significant discussion among livestock producers about developing their own shipping co-operatives. All of these manifestations of activity suggest that the co-operative movement, to a significant extent, had permeated the rural areas of both regions by 1914.¹²

The second main branch of the movement — consumer co-operation — had also begun to appear in villages, towns, and cities. Co-operative stores had been evident in various population centres of the two regions for several years prior to 1900. Probably the first store in the Maritimes had been organized in 1861,¹³ and on the Prairies in Winnipeg during the mid-1880s.¹⁴ During the late nineteenth and early twentieth century, further stores were developed, at least a dozen in the Maritimes and more than forty on the

- 9 For descriptions of the organization of the United Fruit Company, see *The United Farmers' Guide*, 21 April 1920, p. 8, and *The Grain Growers Guide*, 16 April 1911, p. 12 and 7 August 1912, p. 34. A particularly useful introduction to the early history of this organization can be gleaned through examining the proceedings of the Nova Scotia Fruit Growers Association. See also *Reports of the Special Committee of the House of Commons to whom was Referred Bill No. 2, an Act Respecting Industrial and Co-operative Societies* (Ottawa, 1907), pp. 48-9. There were numerous ways in which the U.F.C. and the G.G.G. learned about each other. Both were frequently featured in articles in the agrarian press; U.F.C. representatives went to the Prairies seeking markets for their apples; officials from the federal and provincial Departments of Agriculture explained the organizations to each other; and numerous Maritimers (including some from the Annapolis Valley) went west each year on harvest excursions.
- 10 For descriptions of these developments, see *United Farmers' Guide*, 21 April 1920, p. 26; H. A. Innis, *The Dairy Industry in Canada* (Toronto, 1937), *passim*; R. J. MacSween, "Co-operation in Nova Scotia", pp. 53 - 7, pp. 90 - 2; *Grain Growers Guide*, 9 March 1910, p. 30; 6 December 1911, p. 52; 7 August 1912, p. 3; and 21 February 1917, p. 26; and *United Farmers' Guide*, 21 April 1920, several articles.
- 11 The development of egg circles in Prince Edward Island was particularly important in that it was well publicized and frequently used, even on the Prairies. See *United Farmers' Guide*, 21 April 1920, p. 10.
- 12 For a more complete summary of the nineteenth-century background see I. MacPherson, *Each for All, the Co-operative Movement in English Canada, 1900 - 1945* (Macmillan, forthcoming).
- 13 See "Co-operation in Canada", undated memorandum, The Co-operative Union of Canada Papers, Vol. 12, 1913, MY: file "U", Public Archives of Canada.
- 14 See J. Trevena, *Prairie Co-operation*, p. 65.

Prairies.¹⁵ Most of the stores in the two regions were heavily influenced by recent immigrants, and these common backgrounds provided a basis of association similar to that provided by the community, ethnic, and religious ties common in smaller, independent rural co-operatives.¹⁶ Many co-operative stores also emerged in mining or industrial communities where developing trades union militancy provided a further uniting factor.¹⁷ Nevertheless, all the stores had difficulty in achieving economic stability, and the consumer movement did not gain the momentum to be seen in rural producer co-operatives. The consumer societies, too, without any central organizations to provide financial stability, were decimated by the recession of 1913 - 15.¹⁸

World War One had mixed effects on the producer and consumer movements in the two regions. Positively, the war ultimately stimulated considerable demand for agricultural products and the larger farm co-operatives grew rapidly. It also encouraged livestock producers, especially sheep

15 These estimates are very conservative and are based on specific references in newspapers and correspondence. *The Grain Growers Guide* and the Co-operative Union of Canada Papers are particularly useful in searching for the history of co-operative stores. The Prairie situation is particularly complex because stores tended to merge into the buying club movement. By 1913 approximately 300 Grain Growers Company locals were engaged in bulk ordering (*Grain Growers Guide*, 19 March 1913, p. 9). Many of these locals operated facilities and some had hired help; those with both might be considered stores. The forty stores indicated, however, were full-fledged stores providing a full range of consumer services and open for several hours each week.

16 The most successful stores in Cape Breton were operated by British immigrants, many of whom arrived at the turn of the century. See W. C. Stewart, *History of the British Canadian Co-operative Society and its Branches During its 25 Years in Cape Breton* (Sydney, 1931) p. 14. On the Prairies several British immigrants were also crucially important in the consumer movement and some were important in the producer movement. So too were Scandinavian and Eastern European immigrants, many of whom had been active in, or aware of, co-operatives in their homeland. This theme is developed at somewhat greater length in I. MacPherson, *Each For All*. In another way, it has been examined by D. MacInnes, "The Problem of Relevance: A Case Study in Competing Identity Foci (Scots Ethnicity and Economic Co-operation)" (unpublished paper, Symposium on Problems and Prospects of an Identity Theory of Religion, Halifax, 1977).

17 The strongest industrial co-operatives were in Cape Breton but there were similar organizations in industrial areas of Winnipeg, Regina, and Calgary as well as in the mining towns of the Alberta-British Columbia border region.

18 See I. MacPherson, "The Search for the Commonwealth: The Co-operative Union of Canada 1909 - 1945" (unpublished PhD dissertation, University of Western Ontario, 1971), pp. 157 - 217.

farmers in the two regions, to enter into co-operative marketing.¹⁹ Demand on the farms also encouraged the producer co-operatives in Western Canada to develop rapidly the farm supply functions they had started before the war, thereby to some degree becoming involved in consumer co-operation. Negatively, the war badly disrupted the consumer movement, directly and indirectly contributing to the closure of numerous stores. Comparatively, the Prairie movement gained more and lost less than the Maritimes during the conflict, but by 1918 both regional movements were stable enough to enter into an expansionist phase.²⁰

The growth that started in 1918 - 19, however, was complicated because it was tied to several other social-economic movements, most notably the Progressive outburst. A complex blending of social, economic, and political forces, the Progressive movement was perhaps most affected by an aroused agrarianism. The banding together of the nation's farmers had started hesitantly in 1909 with the formation of the Canadian Council of Agriculture. This process of integration was intensified, albeit only briefly, by the Progressive outburst. In that development, the co-operative movement was important, not only because it provided the main economic arm of Progressivism, but also because it provided many of the ideas upon which that better known movement rested. Specifically, disgust with traditional political life, concern about economic inequality, attacks on privilege, emphasis on group action, and a faith in educational uplifting, had been ingrained in co-operative thought for generations. Thus in a subtle, complex way, Progressivism, agrarianism, and co-operation were intertwined with each other.

19 The main organization formed by sheepmen was the Canadian Co-operative Wool Growers, established in 1915. See R. J. MacSween, "Co-operation in Nova Scotia", pp. 27 - 30. For descriptions of co-operative activities among other livestock producers, see *The Grain Growers Guide*, 15 April 1914, p. 17 and 10 May 1916, p. 9; R. D. Colquette, *The First Fifty Years*, p. 132, and MacSween, p. 37. The dairy industry also saw renewed interest in co-operative action. See *The Grain Growers Guide*, 28 November 1917, p. 9 ff. and *The United Farmers' Guide*, 21 April 1920, p. 26 and 5 May 1920, p. 7. Not all the organizations developed in this period, however, were strictly-speaking, co-operative.

20 The main casualty of the war years — and of the depression that preceded it — was the Maritime consumer movement. It lost at least four stores and an early attempt at wholesaling. In contrast, the Prairie consumer movement retained considerable momentum, attested to by the emergence of at least eighty stores and the beginnings of wholesales. At the same time, the farm supply activities of the large farm organizations (the United Grain Growers and the Saskatchewan Co-operative Elevators) grew steadily. Most importantly, farmers in the two regions took an increased interest in marketing problems, helping to set the stage for the subsequent growth in co-operative marketing. The interest was particularly keen on the Prairies when the government regulated marketing of grain showed the possibilities of more centralized marketing systems.

and the fate of each of these movements, temporarily at least, profoundly affected how the other two developed.

The generation of political leaders that emerged in the agrarian/co-operative movement prior to 1919 was presented with an immense opportunity by the Progressive outburst. On a political level, Progressivism meant significant power provincially and considerable influence federally. Economically, it meant the chance to develop integrated farm co-operatives that could combat the banking, marketing, and manufacturing interests long dominant in the Canadian economy. Socially and philosophically, it represented a deeply felt desire to restructure existing society. Consequently, the farm leadership, seeing the opportunities, struggled to bring together the agrarian/co-operative movements of all regions, including the Maritimes and the Prairies. The farm leadership, of course, did not concentrate exclusively on these two regions. In some ways, the ties between Ontario and the Prairies were stronger simply because of the more continuous contact and because of the Ontario origins of many Prairie leaders.²¹ In the context of this paper, though, the emergence of a national orientation was important because it led to the first formal contacts between the co-operative circles in the two regions.

In the years previous to 1919, the exchanges that had taken place had been on an informal, personal basis or through newspaper accounts. Harvest excursionists from the east had become aware of the Prairie movement and there were some 30,000 Maritimers on the Prairies by 1921, many of them active in the co-operative movement.²² The rural press of both the Maritimes and the Prairies featured articles on each other's co-operative activities, and the effect each had on the other was significant. But it was not until 1919 that the main co-operative institutions in the two regions began to develop close ties. Partly, this development grew out of a long-standing dream that envisioned farmers in one region exchanging produce with farmers in other regions. Partly, too, it was the result of agitation by a handful of Maritimers on the Prairies, most notably George F. Chipman, the editor of *The Grain Growers' Guide*. A member of the prominent Annapolis valley fruit growing family, Chipman was particularly enraptured by the thought of uniting the

21 One can also make a strong case for the importance of ties between Maritime and Ontario co-operative circles. Certainly Maritimers studied closely the United Farmers Co-operative, and there were continuous contacts between the fruit growers of the Maritimes and those in Ontario. Indeed, in terms of agricultural history — especially the exchange of "science" and marketing ideas — the flow of information was remarkably free. However, despite the exchanges Ontario and Maritime co-operators did not work together as easily or as frequently as did Maritime and Prairie co-operators.

22 *Sixth Census of Canada, 1921* (Ottawa, 1925), p. xii.

nation's agrarian/co-operative movements. In 1919, while visiting in the east, he helped promote what he hoped would be the first step toward co-ordination — the publication of *The United Farmers' Guide*, a journal for Maritime farmers.²³

The Guide, like the wider early effort at co-ordination, proved to be a premature development. There were many reasons for the failure. On a simplistic level, many Maritime farmers resented the powerful role the western farmers played in *The United Farmers' Guide*. The journal was obviously patterned after *The Grain Growers' Guide* and featured many of the same articles, some of the same cartoons, and a similar editorial viewpoint. Some of the funding for the journal also came from the west, making its independence suspect and opening it to the charge of being a mere mouthpiece for ambitious western farm leaders.²⁴ More significantly, the rapid decline in support for *The Guide* resulted from the divisions within Maritime co-operative and agrarian circles and a rapid transformation general to the Canadian agrarian cause. From the beginning such established voices in Atlantic agriculture as *The Maritime Farmer* attacked *The Guide* and the attempt to forge a new kind of national rural unity. This division in agrarian leadership groups was further complicated by the variety of agricultural activity throughout the region. While there were pockets of successful commercial agriculture in the Maritimes, there were major variations in kinds of crops produced, problems of marketing, technical training, and self-identification. Few farmers were class-conscious in the way that was relatively common on the Prairies, and those who sought to promote unity had a nearly insurmountable task.

Ironically, the transformation of Canadian agrarianism began at the height of the Progressive wave. The agrarian and co-operative movements had always been featured by internal struggles for power, based partly on personalities and partly on differences of principle. Thus, just as T. A. Crerar, C. A. Dunning, and H. W. Wood began to establish their power bases,²⁵ they soon found themselves under attack from rivals or from another set of leaders

23 See I. MacPherson, "George Chipman and the Institutionalization of a Reform Movement", *Transactions of the Manitoba Historical Society*, 1976 (forthcoming).

24 See *United Farmers' Guide* and *Maritime Farmer*, March 1920, for a series of letters and editorials indicating the tensions that emerged. See also E. R. Forbes, "Never the Twain did Meet: Prairie-Maritime Relations, 1910 - 27", *Canadian Historical Review*, LIX (1978), pp. 25 - 9.

25 Crerar, Dunning and Wood were themselves the three victors in a convoluted power struggle that had characterized the first wave of co-operative enthusiasm on the Prairies. They differed widely on several issues, but they all could claim to have significant farm support.

with different purposes. Hence, the organizations they led had to retreat from political activism,²⁶ find a way of uniting with new forces, or isolate themselves amid the loyal supporters they had gained. Inevitably, the struggles within the co-operative institutions produced an angry environment that undermined the attempts at unity that had been underway since 1908. On the Prairies, the tensions culminated in the isolation of the United Grain Growers, the forced marriage of Saskatchewan Co-operative Elevator and the Wheat Pool, and the remarkably agile adaptations of the Alberta farm leadership. Yet, out of these developments, emerged a stronger Prairie movement, one swept by the enthusiasms of the pooling crusade and revived by a new generation of leaders.

The Maritime movement, affected by the fall-out of the essentially western struggles, did not fare as well. The institution similar to the United Grain Growers, the United Fruit Companies, suffered or chose a similarly isolated fate. Its participation in developing *The United Farmers' Guide*, its generally sympathetic attitude toward the Canadian Council of Agriculture, and its developing ties with other farm organizations, marked a high-point in its interest in wider agrarian/co-operative causes. Subsequently, it would become an isolated force in the Maritime and national movements.²⁷ Nor did the unrest of the early twenties produce new powerful institutions in the Maritimes as it did on the Prairies. The pooling idea attracted some attention among Maritimes producers, and it was applied with some success among dairymen and livestock producers,²⁸ but the supporters were too scattered, the commitment too variable, to allow any strong institutions to emerge immediately. One important consequence of this difference was that subsequently the main missionaries for the co-operative movement came not from co-operative organizations, as on the Prairies, but rather from government departments, agricultural colleges, and universities.

26 The divisions can also be seen, of course, in political terms. For considerations from this perspective, see A. A. MacKenzie, "The Rise and Fall of the Farmer-Labour Party in Nova Scotia" (M.A. thesis, Dalhousie University, 1969), and E. R. Forbes, "Never the Twain did Meet . . .".

27 Interview with W. H. McEwen, 28 February 1977, and F. W. Walsh, 7 July 1974. It is also noticeable that ties between the Antigonish movement and the Annapolis Valley co-operatives were never close and that the United Farmers Co-operative has never played a strong role in national co-operative circles. On the other hand, this isolation also must be derived partly from the nature of the fruit industry itself. Fruit marketing co-operatives in Ontario and British Columbia, for example, have been similarly isolated. The difference is that for a while the United Fruit Companies did play an important central role in the Maritimes.

28 See J. T. Hull, "Co-operation and Pools in Canada," *Year Book of Agricultural Co-operation*, 1928, p. 96 and *The Scoop Shovel*, August 1928, p. 23.

One other development in the twenties suggests how the two movements diverged during the decade. Until the 1940s consumer co-operators played a role in the general co-operative movement far beyond that suggested by their numbers. Partly, this role developed because so much of the general theory of co-operative action emerged among consumer co-operators in Great Britain during the late nineteenth century.²⁹ Perhaps more importantly, the consumer movement, because of its breadth of interests and range of associations, has had a different, more complex viewpoint than the producer movement. The significance of this difference became particularly evident on the Prairies in the twenties when the consumer movement debated producer co-operators over broad issues, forced a degree of co-ordination, and enlarged upon the distinctly agrarian perspective normal to producer co-operation.³⁰ In the Maritimes there were no similar developments, in large part because the depression of the early twenties seriously undermined existing co-ops. Except for some locals of the ill-fated Maritime United Farmers Co-operative, the consumer movement was isolated in industrial Cape Breton and rural New Brunswick, and there was only one large society, the British-Canadian Co-operative, with its central branch in Sydney Mines. Badly buffeted by the industrial unrest of the twenties, isolated because of social, ethnic and religious differences, and committed to a strong consumer approach to co-operation, the British Canadian could not alone fulfill the same role as did the consumer societies on the Prairies. Consequently, the Maritimes co-operators generally lacked the sense of movement, the breadth of perspective, and the degree of integration that was evident in their Prairie counterparts by the end of the twenties.

The thirties, however, saw the divergent paths of the co-operative movement in the two regions to some extent merge. In some ways, of course, the decade was a disaster. Some co-operatives failed; a few, most notably the wheat pools, were forced to gain outside aid; and nearly all had major economic difficulties. But the Depression did provide a remarkable stimulus to action. The producer movement, for example, made significant gains. In the Maritimes, the main producer organization to make advances was the Canadian Livestock Co-operative (Maritimes) based at Moncton. It had been formed in 1927 as the central for livestock shipping clubs; in the mid-thirties it also began functioning as a wholesale for a few independent stores that were organized despite the economic adversities of the times.³¹ On the

29 See P. N. Backstrum, *Christian Socialism in Victorian Britain*, and C. Gide, *Consumer Co-operation* (New York, 1922).

30 See I. MacPherson, "The Co-operative Union of Canada and the Prairies".

31 For an account of C.L.C. (later, Maritime Co-op Services), see W. H. McEwen, *Faith, Hope and Co-operation* (Moncton, 1969).

Prairies, the pools made a remarkable recovery and helped foster a variety of co-operative initiatives, ranging from a co-operative oil refinery to a mutual benefit society, credit unions, and numerous co-operative educational programmes. Other types of producers — fishermen, livestock producers, dairy-men, poultry farmers — also found co-operative techniques useful in the Depression and turned to them in greater numbers and with a greater degree of loyalty than had ever been evident before.³² In contrast to the twenties, the expanding producer movement of the thirties was more prone to co-ordinate activities with the consumer movement. In the Maritimes, the Canadian Livestock Co-operative worked closely with the new co-operatives that emerged. At the same time, the Extension Department of St. Francis Xavier University, led by Father Moses Coady and A. B. MacDonald, struggled to develop all kinds of co-operatives, and succeeded to a significant extent among subsistence farmers and fishermen in eastern Nova Scotia.³³ On the Prairies, the Saskatchewan and Manitoba pools were closely tied to the consumer movement and encouraged its development. Because of these good relations and because of the general concern over consumer issues, the consumer movement was not that badly affected by the Depression. Few stores disappeared, buying clubs became popular, and the Prairie wholesales ended the decade in relatively strong positions.

The resilience of the producer and consumer movements attested to the difficulties of the decade and to the vitality the movement had achieved in the two regions. A further indication of the appropriateness of co-operative methods in the Depression was the long-delayed introduction of co-operative credit systems. Interest in co-operative credit had been manifest

32 See *The Cornerstone of Co-op Fisheries Movement* (Moncton, 1975), for an account of the emergence of fishermen's co-operatives on the east coast. This interest in fishing co-operatives was shared by some Prairie people, and in the 1930s some fishermen on Lake Winnipeg formed the first of a long series of Prairie fishing co-ops. See G. Keen to B. N. Arnason, 10 March 1939, Co-operators Union of Canada Papers, Vol. 93, file "Co-operation Markets Branch". PAC. For descriptions of developments among other types of farmers, see *Extension Bulletin*, St. Francis Xavier University, 21 May 1937; *The Maritime Co-operator*, 6 December 1944, p. 1; *The Manitoba Co-operator*, April 1934, p. 10; *Year Book of Agricultural Co-operation*, 1936, p. 295; W. D. McKay to George Keen, 23 August 1932, Co-operative Union of Canada Papers, Vol. 62, file "S", PAC; and *Western Farm Leader*, 2 April 1937, p. 13.

33 See R. James Sacouman, "Underdevelopment and the Structural Origins of Antigonish Movement Co-operatives in Eastern Nova Scotia", *Acadiensis*, VII (Autumn, 1977), pp. 66 - 85.

in the two regions since the early years of the century.³⁴ Aside from some isolated co-operative credit institutions in French-Canadian and Jewish settlements on the Prairies, however, there had not been any attempts to duplicate the successes of the Quebec or European movements. Then, in the 1930s, partly because of the activities of the Co-operative Union of Canada, Maritime co-operators learned about the American credit union movement.³⁵ By 1935, two years after the first exchanges of information with American leaders, credit unions were being organized in eastern Nova Scotia and south-eastern New Brunswick. For the remainder of the decade, they grew rapidly in numbers, membership, and assets, curious manifestations of optimism in a time of deep adversity.³⁶

News of the almost instantaneous success of these Maritime experiments was taken to the west, once again largely through the co-operative press and the activities of the Co-operative Union of Canada.³⁷ By 1936, too, Atlantic co-operative leaders, most notably Moses Coady, were starting to make what became nearly annual tours of the Prairie region promoting the idea of credit unions.³⁸ Their activities, along with the assistance of American credit union leaders and the efforts of local co-op leaders, stimulated the rapid development of credit unions in all three Prairie provinces. Rather quickly, and in the most unlikely of times, the third main branch of the co-operative movement had arrived in Canada.

Credit unionism, as it developed during the early years in English Canada, was similar to the consumer movement in that it stressed a broad perspective. Concerned about a necessity — credit — and involving all kinds of people, it naturally cut across vocations, classes, and circumstances. It also

34 See R. D. McKay to G. Keen, 16 February 1910, Co-operative Union of Canada Papers, Vol. 6, file "M", PAC; *Proceedings of the Nova Scotia Fruit Growers Association*, 1914, p. 75; and M. Clements, *By Their Bootstraps, A History of the Credit Union Movement in Saskatchewan* (Toronto, 1965), pp. 32 - 3.

35 *The Canadian Co-operator*, November 1932, p. 10.

36 By 1939 there were 226 credit unions in the then three Atlantic provinces, with 50,000 members and assets of \$1,250,000. Statistics compiled from *The Canadian Co-operator*, July, April and October 1940.

37 See George Keen to A. B. MacDonald, 31 December 1935, Extension Department, RG 30 - 3/2/10, 811 - 12, Saint Francis Xavier University, and M. Clements, *By Their Bootstraps*, p. 39.

38 Among the more important tours of the Maritimes by western leaders, the following stand out: Colin Burnell (1930), F. W. Ransom (1937), T. Kober (1948). The Prairie tours by Maritimers that seem to have been the most important were: Moses Coady (1936), James Boyle (1937), A. B. MacDonald (1940, 1943), and Ida Delaney (1954). In addition, a number of Catholic priests from the East helped the Prairie credit union movement greatly, including Archbishop Neil MacNeil, Father Adolphus Gillis and Father A. J. B. Cosetti.

shared in those years, especially on the Prairies and in the Maritimes, many of the assumptions that had become fundamental to the international co-operative movement. For that reason, it helped to develop, especially in those two regions, what became widely known as co-operative philosophy.

Although the main ideas of the movement in English Canada were well articulated by 1914, it was not until the thirties, when communications between the Prairies and the Maritimes became permanent, that their possibilities were fully perceived. The main ideas the movement represented were essentially adaptations of concepts evident at the turn of the century and included making economic institutions democratic in the same way the political system had been made democratic in the nineteenth century; a high degree of faith in the ability and morality of ordinary people; the decentralization of economic and social power; and the extensive, practical education of ordinary people.³⁹ Taken together, these ideas approached an ideology which attracted the support of many co-operators in the Maritimes and on the Prairies. Consequently, an immediate affinity developed between such Maritime exponents of these ideas as Moses Coady and A. B. MacDonald and such Prairie leaders as F. W. Ransom, B. N. Arnason, and H. L. Fowler. Collectively, these men saw co-operatives as a middle way between private enterprise and socialism and as a way in which the abuses of the existing social-economic systems could be corrected. For them, the co-operative system was unique, different in how it operated economic institutions and different in its social commitments.⁴⁰ Starting in the thirties, too, leaders of the two regions began to envision how the movement could expand, especially in the financial sector, to meet the diverse needs of its institutions and of the people they served. The subsequent two decades, in fact, would be taken up largely in realizing some of the dreams the thirties had stimulated.

In addition to the sharing of ideas during the thirties, co-operators in the two regions also attempted to develop business ties. In 1930, the Prairie pools, searching for markets, sent W. H. McEwen, a graduate of Manitoba Agricultural College, to sell grains in the Maritimes. It was not the best of timing, and, as the Depression worsened and the pools had to retrench, McEwen left his original employers and joined Maritime Co-operative Services. During more than forty years with that organization, McEwen was a strong, realistic exponent of closer contacts between co-operators in the two regions. Moreover, because of his early years in the Prairie movement, he was uniquely

39 See I. MacPherson, "The Origins of the Canadian Co-operative Movement", *Historical Papers* (1972), pp. 207 - 26.

40 The best introduction to the "world view" of these two leadership groups is A. F. Laidlow, ed., *The Man From Margaree, Writings and Speeches of M. M. Coady* (Toronto, 1971).

able to understand the forces at work in the two regional movements.⁴¹

The first major sharing of tasks took place between 1943 and 1945. In those years, largely because of the determination of Prairie and Maritime leaders, English Canadian co-operators began seriously to organize on a national level. The Co-operative Union of Canada had been in existence since 1909, but it had survived only because of the altruism of George Keen, its perennial general secretary. The main support he had over the years — and financially it was meagre at best — came largely from consumer societies in Cape Breton and Saskatchewan. By 1943, however, the intermingling that had taken place in the preceding ten years and the determination of co-operative leaders aroused by the Depression, led to a restructuring of the C.U.C. The driving force behind this development was the Maritimer, A. B. MacDonald, who succeeded George Keen in 1944 as C.U.C. secretary. Prior to assuming office, MacDonald travelled across Canada, reviewing co-operative developments and preparing for the reorganization of the C.U.C. The reorganization, which took place in 1944 and 1945, involved replacing a system of direct affiliation by individual co-operatives with indirect affiliation through provincial sections. This method made the C.U.C. seem less remote and encouraged the integration of co-operative activity that had started during the 1930s.⁴²

While the reorganization campaign was in progress, attention was also focussed nationally by the raising of the taxation issue. This issue had been simmering since the introduction of income tax in 1917. In decisions in that and subsequent years, the federal government had, in effect, excused from taxation all surpluses that were returned to members as patronage dividends. In other words, dividends were treated in the same way as were rebates to customers by traditional capitalist businesses. Nevertheless, several private interests, notably chain stores, grain merchants, and insurance companies, regarded the decisions as amounting to an unfair advantage for co-operatives, and they constantly complained to the federal government. In the midst of the war, when revenues were limited, the government listened more attentively than in the past and decided to appoint a Royal Commission to investigate the matter. Chaired by E. M. McDougall, a Quebec judge, the Com-

41 See W. H. McEwen, *Faith, Hope and Co-operation*, and I. MacPherson, *The Story of C.I.S.* for descriptions of some of the early business relations between the Maritime and Prairie movements.

42 See *Canadian Co-operative Digest*, March 1959 (published by the Co-operative Union of Canada), and *Sixty Years of Service* (Ottawa, 1969) for accounts of the reorganization of the English Canadian movement in the 1940s.

mission stimulated a strong, united response by Canadian co-operators.⁴³ A. B. MacDonald played an important part in orchestrating the co-operative case before the touring Commission. In the process, he inevitably spent considerable time in bringing together co-operators from the Maritimes and Prairies, the two English Canadian regions with the most diverse, powerful movements. In general, this effort was successful and the Commission and the government left largely intact the taxation position that had evolved over the preceding twenty-five years.

The awakened C.U.C. served as a focus for relations between the Maritime and Prairie movements between 1945 and 1955. MacDonald was a pivotal figure in this development until his death in 1952, and, even after that date, his projects continued to bring co-operators from the two regions closer together. Responding to a growing demand in both the Prairies and the Maritimes, MacDonald was particularly interested in developing the financial sector. There were two main reasons why this goal became a priority. In the first place, although many previously denied Canadians were meeting some of their needs in credit unions, they still could not satisfy all their requirements, especially in the long-term loan field. Moreover, many co-operators were looking for other financial services, particularly insurance and trust services. In the second place, when co-operators became aware of the size their institutions had achieved by the mid-forties, they recognized the immense financial needs and also financial possibilities that their systems represented. By uniting forces, the national co-operative movement might be able to develop a large financial complex.

During the late forties and early fifties, the financial sector began to take shape. Credit union centrals were developed on the Prairies and in the Maritimes.⁴⁴ In 1945, Co-operative Life Insurance Company was formed on the Prairies, and it became a national company two years later.⁴⁵ During the early fifties, largely because of the ambition of Saskatchewan co-operators,

43 See Co-operative Union of Canada Papers, Vols. 115 - 125, PAC, for voluminous correspondence on organizing the English Canadian movement to meet the Commission. The submissions of co-operative organizations filled most of the thirty-two volumes.

44 Maritime and Prairie credit union leaders corresponded over a series of issues in the late 1940s and 1950s. These included the organization and role of credit union centrals; the development of a "checking" system; the creation of national credit union organizations; relationships between credit unions and other forms of co-operatives; and connections between the American and Canadian movements. As in other co-operative concerns the two groupings found themselves in considerable agreement. They were more nationalist, more aggressive and more innovative in those years than were their counterparts in Ontario and British Columbia. There were very few ties with the Quebec movement.

45 See I. MacPherson, *The Story of C.I.S.*

two other important financial institutions, Co-op Trust and Co-op Fire and Casualty, were begun. The former was originally conceived of as a national company, but it was forced to develop only in Saskatchewan because the interest in other provinces was not great enough.⁴⁶ The latter, owing largely to the diplomacy of MacDonald and the ambition of Saskatchewan co-operators, started as a national company, opening branches on the Prairies and entering into an agency agreement with Maritime Co-operative Services. This particular regional concentration was unique in the Canadian insurance industry and attested to how much English-Canadian co-operators wanted to build their own financial system. In subsequent years, this desire would undergo severe tests. Finding appropriate investment policies, working out a satisfactory managerial system, harmonizing board relationships, and overcoming communications problems were not easy. It was not until the late fifties, in fact, that these problems were reduced to easily-managed proportions.⁴⁷

Building the first framework for a financial sector was the most obvious consequence of the growing bonds between Maritimes and Prairie co-operators, but there were others. During the 1940s, Maritime Co-operative Services joined Interprovincial Co-operatives, a central buying agency for regional wholesales. Perhaps most importantly, the similarities in outlook and the idealism that representatives from the two regions shared helped the C.U.C. to maintain much of the higher profile it had gained in 1945. Whereas in the past, C.U.C. Congresses had tended to be of interest to only a small handful of co-operators, they became important events for the national movement. New, if difficult, projects emerged at the Congresses, again in large part because of the activities of leaders from these two regions. These included searching for ways to attract support from trade unionists, playing a more important role within the international movement, developing pension plans for co-op employees, encouraging housing co-operatives, organizing more satisfactory co-operative educational programmes, presenting co-operative views more coherently to government, and fostering research programmes into co-operative subjects. Some of these projects would become the priorities of the sixties and seventies.

The ease with which Prairie and Maritime co-operators undertook these projects suggests similar sources for their two movements and an affinity that went beyond collaboration for mutual advantage. One obvious similarity was that the two movements produced significant groups of idealistic yet

46 See I. MacPherson, *A History of Co-operative Trust* (Saskatoon, 1978).

47 See W. H. McEwen, *Faith, Hope and Co-operation*, pp. 82 - 95; I. MacPherson, *The Story of C.I.S.*, pp. 44 - 8; and RG 30, Extension Department Records, St. Francis Xavier University.

practical people. These groups were characterized by a devotion to co-operative thought, in many instances a commitment to Christian activism, a sense of outrage over the existing economic situation, and a faith in self-help solutions to contemporary social ills. When Coady or MacDonald talked to Prairie co-operators, when McKay, Ransom, or Fowler conversed with their Maritime counterparts, the similarities in their outlooks became immediately obvious. The second similarity was that the two movements had a breadth of interest that was unusual in international co-operative circles. Though not always able to overcome the narrow perspectives of many of their colleagues, many of the leaders and some of the rank and file of the two movements were committed to building a total movement. They dreamed of developing co-operatives to meet nearly every human need, and they hoped that the vast network of co-operative institutions would ultimately be able to function as a unified entity. Finally, especially from the thirties through the forties, Prairie and Maritime co-operators were deeply concerned about the education of the common man. Directly and indirectly, most co-operatives were involved in adult education. Their journals were educational mediums; the widely used study club was a device for mass education; and the support for such institutions as Farm Radio Forum, the Workers Education Association, and special co-operative schools was nearly always generous.

These emphases were also consequents of Canadian regionalism. Perhaps the most effective appeal co-operators made was the promise of increasing self-sufficiency and enhancing local control of the economy. Explicitly or implicitly, the villains in the two movements were the traditional villains in the regional visions of the time. Company stores, middlemen, banks, insurance companies, implement manufacturers, fish merchants — they were all grouped together, seen as agents for alien forces, usually based in Central Canada, and decried as exploiters in a new feudalism.⁴⁸ In this context, co-operatives were seen as protectors of local economies and potentially as defenders of provincial or regional economies; in that sense, they were particularly appropriate forms of enterprise for the Prairies and the Maritimes. As it became apparent that economic, political, and social power was becoming lodged in the hands of fewer people, co-operators were seeking ways to reverse this trend. This method of helping resolve inequalities was particularly popular in the thirties, though in the forties it tended to lose out to the other option of attempting equalization through federal government policy.

The movements also reflected regional uneasiness about the type of

48 For example, see A. F. Laidlow, *The Man from Margaree*; L. L. Lloyd, *Reminiscences of a Co-operative Statesman* (Saskatoon, undated); and J. T. Phalen, *Harry Fowler* (Saskatoon, 1977).

civilization emerging in larger Canadian cities, especially those in Central Canada. Impersonal, manipulative, exploitive, materialistic, the new cities seemed to be rejecting older preoccupations with community involvement, social responsibility, and religious concern. In that sense, co-operators tended to present a conservative perspective, but one that did reflect the hinterland areas they essentially represented. On a more positive note, co-operators in the two regions believed that their organizations and methods could help to eradicate some of the problems they perceived in the cities, as well as improve the quality of life in the hinterlands. Predecessors of more vociferous reforming groups in the seventies, they argued for community control, individual responsibility, dietary consciousness, and an ethic of mutual responsibility as the best ways to overcome the alienation of modern society. The problem was to find an appropriate way to take this message to the masses of people living in the cities. Until the forties, most co-operators placed their fondest hopes for an urban breakthrough on the co-operative stores; by the 1950s, however, it was clear that building an urban consumer movement was the work of decades. Attention then focussed on the credit union movement which, primarily through trades union circles, made rapid inroads in towns and cities. These successes aroused considerable optimism, and the urban potential they represented was one reason why many co-operative leaders wanted rapidly to develop a full financial sector.

There were two major difficulties, however, in trying to take the distinctly co-operative perspective to the Canadian main stream. In the first place, the memberships of co-operatives were far from united in the wider cause. The bulk of co-operators even in the Maritimes and on the Prairies — the main foci for idealism in the English Canadian movement — were primarily attracted to the movement for economic reasons. Launching strong national programmes, while continuing to provide the rather difficult services the co-operatives had been primarily organized to meet, was a very complex task. In the second place, meeting those immediate purposes and responding to the demands of the majority meant organizing large, complicated institutions. By the fifties, Maritime Co-operative Services, some of the credit unions, Federated Co-operatives, the grain marketing co-operatives, and United Maritimes Fishermen were extensive institutions serving diverse memberships, in many instances scattered across large geographic areas. To carry out these services, new management personnel, often without co-operative backgrounds, had to be employed; different forms of communication had to be developed; maintenance of member involvement secured; the difficult area of employee relations standardized and improved. In short, co-operatives became to some extent the victims of the very institutionalization that made their power possible.

The history of the two movements also suggests some perspectives on the international movement. Like the international movement generally, the

movement in the two regions was composed of varied organizations and memberships. Saskatchewan, in particular, produced numerous kinds of co-operatives, as did the Antigonish movement in the 1930s and early 1940s. Because of the variety of co-ops and because of the mixtures in the memberships, there has been an uncertainty over goals and identity, one that is common in the international experience. In the early years of the century, when consumer co-operation was seen as a panacea, there was a greater degree of ideological solidarity in the international movement and within some small circles in the two Canadian regions. But since the Progressive outburst — an outburst which can be seen in an international co-operative context — the predominant power of the producer movement has been evident. Since the depression of the 1930s, co-operative banking and diverse financial services have also become increasingly powerful. Thus the original, dominant definition of co-operative activity has faded, leaving behind methods for operating organizations, a constituency with only occasional opportunities for power in the wider world, and a network of organizations that only sometimes see the influence they potentially could muster. This pattern of strength amid uncertainty is common within the international movement.

Another characteristic the two movements shared to some extent with those elsewhere was a tendency for their more successful co-operatives to become complacent and overly cautious. The unusual feature of the Maritimes and Prairies movement, at least until the mid-fifties, was that that tendency was resisted in many co-operatives. Regional attitudes provided a continuous stimulus and the alternation of war, depression, and sudden economic lurches forward sparked new initiatives and produced new leaders. And, finally, the idealism of several leaders and a significant number of rank and file co-operators ensured the continuation of attempts at self-criticism. Only a few of the larger co-operatives were allowed to retreat to the comfort of narrow objectives.

In a definite, concrete way, then, the history of co-operative development indicates some of the dilemmas that have long confronted those who wish to protect the integrity of their regions. Is it possible to create economic institutions that will reflect local priorities without becoming hopelessly inefficient? Is it possible to develop methods and procedures so that modern institutions will be able to capture some of the sense of involvement and individual responsibility once apparently manifest in less urbanized cultures? Can ways be found to ensure the continuation of the family farms and community organizations that have been the basis of our traditional hinterland societies? Is it possible to unite all economic groupings so that hinterland regions will have adequate power to protect their own interests? In both regions some co-operators at least believed that their movement was the best possible answer, if not the only answer, to these questions.