

ONE PATH TO CO-OPERATIVE STUDIES

A Selection of Papers and Presentations

IAN MACPHERSON



One can approach the study of co-operatives and the co-operative movement from many disciplinary and experiential directions. The essays in this book reflect the journey of one Canadian activist and researcher. It includes some essays from the beginning of his career as an historian, others that demonstrate how and why he became devoted to the field of Co-operative Studies.

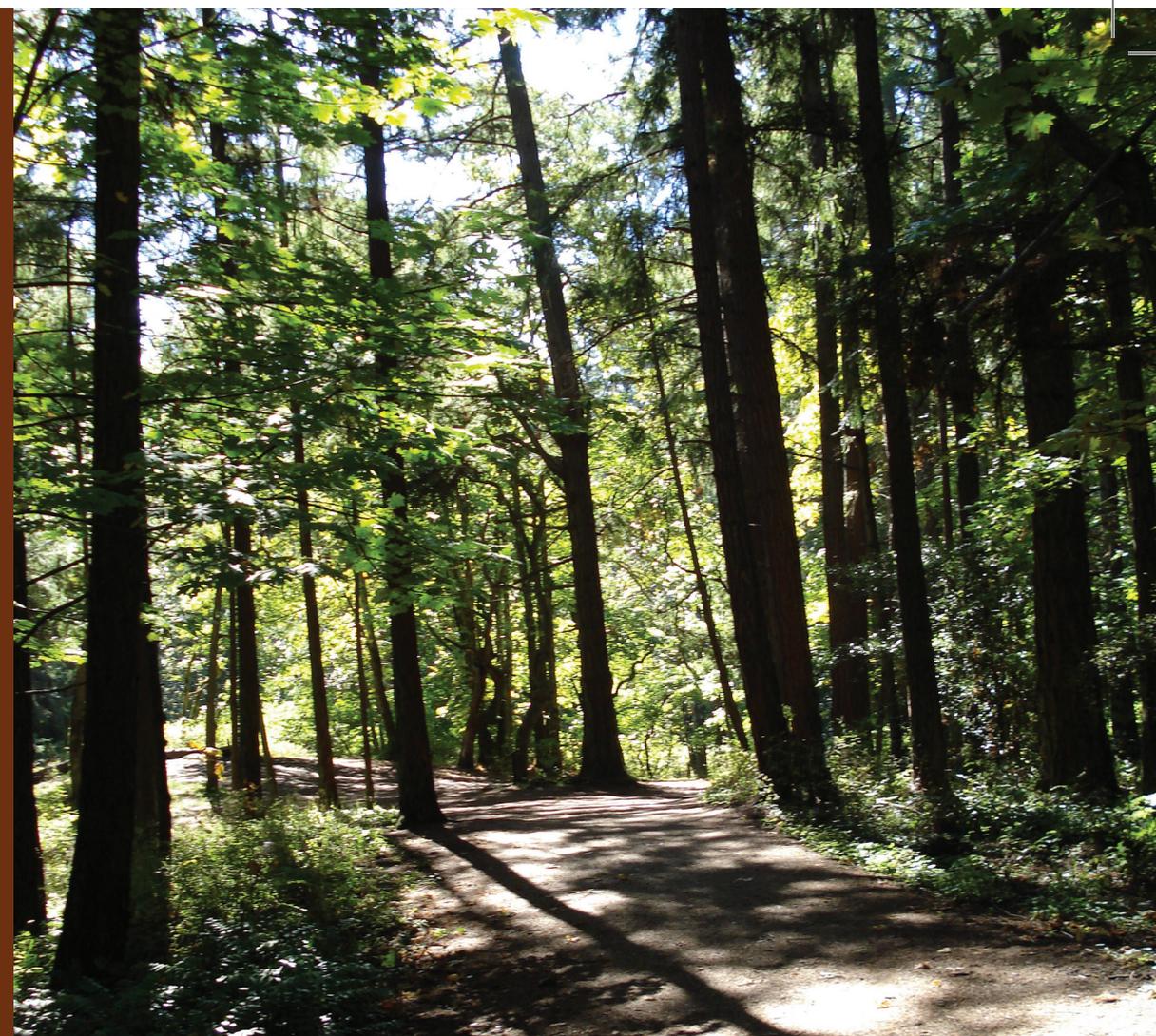
Though still believing he is fundamentally an historian, he came to recognize, through involvement as an elected person with several co-ops and community organizations and through

discussions with researchers from other disciplines, that a single-discipline approach to understanding the co-operative movement is woefully inadequate for the academy – and co-operators. He now holds the view that this is a main reason why the movement has been poorly understood and under appreciated.

He believes that the complexities and possibilities of the movement can only be fully understood by creating a truly interdisciplinary and international approach. The collection of articles suggest how he reached that conclusion.

MACPHERSON

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Ian MacPherson

One Path to Co-operative Studies

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University
of Victoria

Co-operative Studies Series

The central mission of the British Columbia Institute of Co-operative Studies is to work with others within and without the academy in the development of the field of Co-operative Studies as a field for research, teaching, and mutual benefit. This series of publications focuses on considerations of the nature of the field itself, exploring theoretical perspectives, case studies, and methodological issues. The following are the BCICS - New Rochdale publications on this theme that are already in print or projected for publication shortly.

A complete list of BCICS publications currently available, or forthcoming in 2008, can be found at the end of this publication.

*This book is dedicated to the memory of Alexander Fraser Laidlaw,
friend and mentor.*

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Acknowledgements

This book represents a major stream of research and activity stretching throughout most of a long academic lifetime. The acknowledgements, therefore, will be more excessive than one might expect for such a volume.

I would like to thank the members of my family, particularly Elizabeth, for their patience and understanding. I am grateful to members of the History Departments at the Universities of Winnipeg and Victoria for their tolerance when I was in their midst. I appreciate the support given to me by Karen McIvor and Donna Trenholm, the two secretaries with whom I worked the most closely in the 1980s and 1990s; I am indebted to them for how they helped, especially when I was absent or absent-minded. I thank those who have worked at the British Columbia Institute for Co-operative Studies (BCICS) since 2000: many of them have helped me far beyond what they knew or I had any right to expect. I particularly appreciate colleagues from BCICS who “kept the faith” over the last six years, people who genuinely embraced what we were trying to do and who stayed the course. I want to thank Dr. Martin Taylor and others in the senior administration at the University of Victoria for assistance through some troubled times and for the support they have given BCICS. I appreciate the work that Ron Dueck and Colin Swan did in putting these essays within the covers of a book.

Most of all though, considering what this collection hopefully reflects, I want to express my appreciation to many people within the co-operative movement in Canada and elsewhere, people who have become friends and colleagues, travellers on common if sometimes divided paths. There are far too many of them to list and I am not going to try: I would regret it deeply if I later realized that I had unintentionally omitted even one of them. They came from co-operative organisations in Winnipeg and Victoria, from British Columbia and western Canada more generally (especially in the consumer co-operative and credit union movements),

from national co-operative networks (notably within the Canadian Co-operative Association, the Co-operative College, the Canadian Co-operative Credit Society, the Co-operative Housing Federation, and the Canadian Workers' Co-op Federation), and from international co-operative circles (most obviously those associated with the International Co-operative Alliance and the World Council of Credit Unions). They came from several academic backgrounds and countries, cultures, and philosophies. Universally, whether from the movement or the academy, they were noteworthy for their dedication, insights, and civility – even when I was grossly in error. For the little I have given, they have given me so much more.

Forward

ON ALTERNATE SATURDAYS in the early 1950s, my mother, father, and I would take the produce from our farm, mostly apples, potatoes, and soft fruits – as well as four “batches” of my mother’s baking – to sell on the farmers’ market in Brockville, Ontario. On many of those mornings, we would go afterward to the Brockville Co-operative on the edge of the town, on Highway 29, what we always called the road to Smiths Falls. We would purchase supplies. My dad would carry out some business with the co-op manager, L.A. Lalonde. I would make the bowl of jellybeans on Mr. Lalonde’s desk much brighter by carefully removing the black and purple ones. It was my first experience with a co-operative, though at the time I had no idea what a “co-op” was.

Some fifteen years later, I found myself a graduate student in History at the University of Western Ontario. I was one of the many rural youth from my generation who had walked away from the family farm, recognizing its limited economic possibilities and attracted by the excitement (more alleged than real) of urban life. In a course on electoral practices offered by D.G.G. Kerr in 1966, I wrote a paper on the Progressive party and its campaigns in the 1921 and 1923 federal elections. In doing so, I was surprised to see in the literature that survived from the campaigns several references to co-operatives, even booklets on them. I was equally surprised to see almost no references to them in the historical accounts of the campaigns, even in the writings of the then acknowledged and much respected expert on the Progressives, W.L. Morton. They were the forgotten dimension – though arguably the most lasting contribution – of the “Farmers’ Revolt”.

The following summer, I went to Ottawa to start a Ph.D. dissertation on George Mercer Dawson, the remarkable though inadequately recalled or understood Canadian geologist – then and still the case. As a diversion one afternoon, my curiosity about co-ops having been raised by my paper, I searched the records of what was then called the Public Archives of Canada to see what

was available. I quickly found voluminous records, mostly from the Co-operative Union of Canada, papers that no one else had ever examined.¹ Within days, I had decided that, though Dawson was a wonderful subject, the co-operative world that was beginning to emerge out of the documents was even more interesting. It was the beginnings of a lifetime's work, although I twice tried to leave it for other kinds of historical study, the better to build my reputation as an historian. In both instances, however, the leaving was less satisfying than the coming back.

Thus my early understandings of the co-operative world came largely from old documents, most of them associated with the life and work of George Keen, the General Secretary of the Co-operative Union of Canada from 1909 to 1943. They were also very influenced by many meetings I had with Breen Melvin and Alex Laidlaw, two leaders of the English-Canadian movement in the 1960s and 1970s. My contacts with Laidlaw were particularly frequent and always enlightening: his understanding of the co-operative world was profound, and he was, in his quiet way, a particularly inspirational person. He greatly influenced what I tried to do then and what I have striven to do since.

Laidlaw was the person who first encouraged me to become involved in the co-operative movement as an elected person, though with characteristic honesty he also warned me of the inevitable problems: the impositions on time (real, mental and emotional), the costs to family life, and (it seems) the inevitable disappointments. He also knew, from his own experiences with Canadian universities, that doing so was not a positive step in an academic career. Despite (or because of?) his honest assessment, I followed his suggestion. Thus, from the early 1970s to the end of the century, I led a hectic life trying to balance the requirements of the academy with the needs of my family and a growing, direct involvement in a number of co-operative organisations. In essence, I

¹ In those days in the "Public" Archives, a borrower signed small sheets of paper inserted in envelopes in the boxes of the records being used, meaning that one could know who had looked at them. Nary a box of the CUC records had been borrowed; a few from the George Keen Papers had been.

had three careers. Some thirty years on, I am not sure which took more time.

The papers that follow in this book, therefore, represent two dimensions of my commitments over some forty years: my efforts to study the co-operative movement from an academic perspective and my participation in (or at least reflections on) some of the transitions within the co-operative world in that time. Perhaps some readers will find interesting to see how these two kinds of activities flowed together; others will doubtless find such mingling inadvisable, if not impossible. As for me, I make no apologies for the attempted blending: I long ago came to believe – the co-operative world offering several examples of why and how it is possible – that one could work honestly and honourably in both spheres simultaneously even though the structures of university life did and do not readily encourage or understand it; even though the co-operative world often despairs of what some consider the impracticalities and mystification of much academic discourse.

More importantly, though, the papers have been selected from a much larger number in order to reflect a journey, in which, for me, the discipline of History flowed into the field of Co-operative Studies. For better and worse, I am by training and instinct an historian and a humanist, and I inevitably brought those perspectives to almost everything I tried to do. In the process, I have found that knowing enough history is always beneficial, though knowing too much can sometimes be a liability. History is a mixed but necessary blessing but as a way of understanding co-operatives and the thought associated with them, it is also insufficient. I have discovered that one blindfolded examiner is poorly equipped to understand the elephant. More and different explorers are needed so that perhaps some day the blindfolds can be removed and the enormity of what is being examined fully appreciated.

The essays that follow are representative of my honest but limited and initially unknowing foray into Co-operative Studies. I have selected them from among many I have written and from some of the talks I have given. I believe they are representative of much that I have done but they do not examine all that I have

tried to do. They do not include sections from the books I have written. I have left out papers that repeat too much from what I have included or are not suggestive of how I came to see the future of Co-operative Studies. I did not include some that I do not like and regret having written. I omitted others that will appear shortly in other accessible places. There is inevitably some repetition, typically because I needed to introduce my subject to audiences with limited knowledge of the Canadian movement.

The papers have been selected to suggest as best I can how and why Co-operative Studies has become a reasonable home for a disquieted historian aware of his discipline's limitations. In truth, the realisation of what I was really about came slowly and rather late: another confirmation of the Old Norse adage that "we grow too soon old and too late smart".

As I considered many papers for this book, I became acutely aware of their many limitations in both theory and subject. In fact, as misgivings grew, that recognition became in a strange way a reason for completing the task and, to some extent for making the choices that I did. My hope is that other researchers, including historians as well as people trained in other modes of thought, will glimpse possibilities in the inadequacies of what is printed here and potential in the numerous dimensions weakly mentioned or totally ignored. My further and most fervent wish is that determined co-operators, amid the immediate pressures that typically consume their days and often their evenings, will appreciate more deeply the need for reflection, enquiry, and discussion. The nurturing waters of the movement run deeper than is commonly understood within the academy and in the world beyond, not least in the fields it has helped make rich and verdant.²

² Much fuller discussions of the nature of Co-operative Studies can be found in *Integrating Diversities*

Section One

Co-operatives and Canadian History

The Origins of the Canadian Co-operative Movement, 1900-1914¹

DURING THE TWENTIETH century, millions of Canadians have used to their advantage one or more forms of co-operation. For the most part, these Canadians have preferred co-operatives organized to sell agricultural produce, to loan money, to market fish, to build homes, or to supply consumer goods; but they have also organized co-operatives to build arenas, to construct factories, and to sell Inuit art. Geographically, most of the strongest co-operative organizations have developed outside of the metropolitan areas of Central Canada: mining Cape Breton, rural Quebec, industrial New Ontario, the agrarian West, and fishing British Columbia, have, in particular, developed prosperous, well-organized co-operative institutions. In the past few years, too, even the metropolitan areas have produced flourishing co-operatives, especially growing credit unions, successful insurance companies, and promising housing developments. The strength of these institutions, now representing over six million members' was demonstrated during 1971 by their victorious campaign for a national co-operative act and by their successful lobbying for reform of taxation laws affecting co-operatives.²

Despite the important role played by co-operatives over the years, they have received uneven treatment by Canada's historians: only a few of the country's co-operative developments have attracted interest - notably the grain growers' co-operatives and the Antigonish movement - and not even these have received com-

¹ This paper, originally appearing in the *Historical Papers* (of the Canadian Historical Association), 1972, pp. 207-26, represents my early attempts to understand the nature of the co-operative movement as it gathered momentum in Canada during the early twentieth century. It tries to explore the relationships between co-operative ideas, economic realities, social change, and institutional experimentation, a pervasive issue in the field of Co-operative Studies. It is reprinted with the permission of the University of Toronto Press.

² *Co-operative Consumer*, June, 1970, p. 8.

pletely satisfactory examination.³ One reason for the general wellness of the historiography of Canadian co-operation is the tendency of co-operatives to be strongest in the generally less well-studied hinterland regions of the country. There, they have been particularly important, but the co-operatives that have developed have seldom affected either the reform political movements or the Central Canadian power struggles that have until recently preoccupied Canadian historians; thus, they have seldom played a role in our traditional views of the past. Another reason has been that co-operatives, when examined, have been seen as effects rather than causes; hence, it has usually been suggested, the wheat pools emerged out of the agrarian movements, consumer societies were fostered by trades unionism, and caisses populaires by French-Canadian nationalism. Such generalizations, while in large part true, also mislead because they tend to ignore the fact that Canadian co-operators, albeit to varying degrees, have always shared a distinct set of attitudes that occasionally have united them and have always impelled them to rise above narrow ambitions.

In trying to understand the rather fragile unity and distinctiveness of the Canadian co-operative movement, the years between 1900 and 1914 are vitally important. During those years many Canadians took a deep interest in co-operation, one demonstration of that interest being the emergence of four submovements destined to play significant roles within the Canadian co-operative movement. These submovements were the caisses populaires

³ Such historians as H.A. Innis, F.D. Colquhoun, D.A. McGibbon, W.A. Mackintosh, M. Clements, C.R. Fay, and W. C. Fowke have examined different aspects of the Prairie co-operative movement, but a complete survey of that movement has not yet been written. And, even before that task can be undertaken, there is a need for biographies on Prairie co-operative leaders and for monographs on developments in the thirties and forties. As for Antigonish, many popularizing accounts have been written, but the serious study of the movement has only recently been begun by Dr. A.F. Laidlaw. A biography of M.M. Coady is needed, and the movement itself should be more completely related to social and economic trends in Nova Scotia during the twenties and thirties. [Much of this remains true even for 2007 although Michael Walton has made a remarkable contribution to our understanding of Coady in his book *Little Mosie from the Margaree* (Halifax: Mount Saint Vincent University, 1981), as has Anne Alexander, *The Antigonish Movement: Moses Coady and Adult Education Today* (Toronto: Thompson Educational Publishing, 1997) and Rusty Neal, *Brotherhood Economics* (Sydney: UCCB Press, 1998).Ed.]

in Québec, the grain growers organizations on the Prairies,⁴ the farmers' co-operatives in Ontario, Québec, and the Maritimes,⁵ and the consumer societies located in many villages, towns, and cities across Canada.⁶ Each of these submovements had its own objectives and motivation, but they all shared attitudes and goals that made them similar although not united. They were all aware of European co-operative traditions, and they all sought to resurrect the same values and techniques as a means of curing the evils of the twentieth century.

A second manifestation of co-operative enthusiasm in the 1900-1914 period was represented by a group of humanitarian co-operative enthusiasts in Ottawa. This group, while only occasionally active outside the capital, did have counterparts elsewhere in the patrician clergymen and businessmen who took a personal interest in the fledgling co-operative societies throughout the country. The socially most prominent member of the Ottawa humanitarians was Governor-General Earl Grey, who served, while he was in Ottawa, as president of the International Co-operative Alliance, the world spokesman for co-operative movements. Grey had experimented with co-operative institutions on his English

4 The following organizations encouraged the development of co-operatives on the Prairies: the Manitoba Grain Growers Association, the Territorial Grain Growers Association, the Saskatchewan Grain Growers Association, and the Alberta Grain Growers Association. The United Farmers of Alberta, an amalgamation of the Alberta Grain Growers and the Alberta Society of Equity, was established in 1909, and it too supported co-operative enterprises. The main co-operative businesses established by the grain growers before the 1920's were the Grain Growers Grain Company, the Saskatchewan Co-operative Elevator Company, and the Alberta Farmers Co-operative Elevator Company. The G.G.G. and the Alberta organization formed the United Grain Growers in 1917.

5 Numerous co-operatives were established by dairying and fruit farmers throughout Southern Ontario, Québec, the Annapolis Valley and eastern Nova Scotia. The wool producers and poultry farmers of the Maritimes also began to organize in the same period. See Canada, House of Commons, *Reports of the Special Committee of the House of Commons to whom was referred Bill No. 2, an Act respecting Industrial and Cooperative Societies* (Ottawa, 1907) p. 29ff for descriptions of these parts of the Canadian movement. See also *The Labour Gazette* from 1906 onward for lists of co-operative societies.

6 It is impossible to estimate the number of consumer societies that were established during the period, but a reasonable minimum estimate would be one hundred. They were particularly popular in mining districts, industrial towns, Prairie hamlets, and missionary posts.

estates, had found them useful, and sought to encourage their development in Canada. He sponsored tours by British co-operative leaders, spoke to interested groups, appeared before a Parliamentary committee on co-operation, and prompted Canadian leaders, notably Mackenzie King, to take a deep interest in the movement. He was especially successful in his efforts with King, who had earlier become impressed with co-operation during a British tour in 1900, with the result that the Department of Labour, under King's direction, was very sympathetic to co-operatives between 1904 and 1911.

The two most effective spokesmen for co-operation in Ottawa, however, were two French-Canadians, Alphonse Desjardins, an official reporter of debates in the House of Commons, and F.D. Monk, a Conservative M.P. from Montréal. Desjardins had become interested in co-operative banking in 1898, when he had listened to a parliamentary debate about the credit problems of Canada's poor. After a careful study of European co-operative banking, he opened his first *caisse populaire* or credit union in Lévis during 1900, and he helped establish over one hundred others throughout Québec before 1914. With each success he popularized the movement, and, in the early 1900's, began to lobby for a federal co-operative bill, in the process finding a staunch supporter in F.D. Monk. Under Monk's leadership, and with Desjardins's help, seven bills for co-operative legislation were introduced between 1906 and 1911. The second of these bills, in late 1906, led to the creation of a Parliamentary committee on co-operation which reported enthusiastically on the movement. Monk's third bill, introduced in late 1907, took advantage of that committee's work, and passed the House of Commons with unanimous approval. It was defeated on third reading in the Senate, however, by a margin of one vote, because of the lobbying of the Retail Merchants Association and because of a growing conviction that co-operatives were a provincial responsibility. Monk and Desjardins were most disappointed by this last-second defeat of their bill, but the debate it had stimulated, like those associated with the lost measures of later years, did much to arouse interest in co-operation throughout Canada.

The third major manifestation of co-operative interest between 1900 and 1914 was the emergence, in 1909, of the Co-operative Union of Canada. The Union was organized by consumer co-operatives in Ontario and Nova Scotia, partly in response to the interest aroused by the debates in Parliament, but mostly because the founding societies wanted a national educational, lobbying, and advisory body for Canadian co-operatives. The dominant men in the Union between 1909 and 1914 were Samuel Carter, the president, and George Keen, the secretary-treasurer, both English immigrants well-versed in the traditions of the British movement. Of all the co-operative institutions started between 1900 and 1914, the C.U.C. was the most devoted to the cause of defining a distinctive co-operative viewpoint in Canada, and it was certainly the most committed to the task of forging the beliefs and attitudes of Canadian co-operators into a united, aggressive movement.

|

The Canadian co-operators of the 1900-1914 period were most clearly drawn together by a set of general purposes which they enunciated for the organizations they established. Of these purposes, perhaps the most important was the desire to raise the standard of living of the people who patronized co-operative enterprises. In particular, the co-operators hoped to help the poor Canadians who could easily be found in every region even in the best of the Laurier years: on the Prairies when the wheat economy declined; in the industrial towns when unemployment or inflation reduced living standards; in the agrarian areas of Central and Maritime Canada when rural depopulation and outside competition created inefficiency; and in company towns when low wages and company stores produced insufficient food and inferior housing. Such poverty, co-operators believed, was widespread in Canada, but it could be eliminated by the general implementation of co-operative methods of operating business and social institutions. These techniques, usually associated with the British Rochdale experiment of the 1840's, required co-operatives to admit mem-

bers regardless of race or religion, to pay a low fixed interest on capital, to distribute surplus funds to members in proportion to patronage, and to allow each member only one vote regardless of invested capital.

Co-operators placed great faith in the operating methods of their enterprises and believed that those techniques could cope successfully with the most serious deficiency of the existing economic system: the exploitation of labourers and farmers by business and banking interests. By reducing the role of capital and by insisting on an important role for consumers, labourers, and farmers in business decisions, the co-operators believed their approach could restrict the opportunities for profiteering, could produce consumer goods cheaply, and could organize the distribution industries efficiently. Moreover, the methods, because they were based on the ethical desire to distribute wealth on the bases of natural right and personal involvement, would ultimately permit co-operators to surpass the self-centred bankers, businessmen, and speculators long favoured by the existing competitive system. Beset by sin, the baneful exploiters would ultimately be no match for the aroused virtue of the labouring and farming classes.

Strongly influenced by this sense of moral superiority, the Canadian co-operators imparted a strong sense of moral purpose to the organizations they established. They believed, in fact, that co-operation alone could deal with the moral crises they saw in the society around them. In particular, when looking at contemporary life, they emphasized that religion was becoming increasingly more separated from business; that family life lacked the vitality of former years; that more and more people were being denied the curative effects of countryside and woodlot; and that one's sense of belonging to a neighbourhood was threatened by impersonal businesses and competitive individualism. In their desire to offset these moral threats and to present a new holistic view of man, the co-operators were influenced, of course, by the cresting social gospel, in both its Protestant and Catholic manifestations; but they were also influenced by a co-operative moral concern that went back to such nineteenth century figures as Robert Owen, Edward Vansittart Neale, and Frederick Raiffeisen.

The clearest demonstration of the ethical purpose of the Canadian co-operators was to be seen in the *caisse populaire* submovement, where Desjardins included, as a condition of membership in his societies, the proviso that each shareholder must be “punctual in his payments”, “sober”, “of good habits”, “industrious”, and “scrupulously honest”.⁷ Rather remarkably finding thousands of such individuals throughout the Québec countryside, Desjardins looked upon his organizations as islands of integrity in a sea of iniquity. Similarly, E.A. Partridge, perhaps the crucial figure in the emergence of the grain growers organizations, believed that co-operation was the only weapon an enlightened population could employ against “the financial buccaneers” to bring about “an industrial millenim.”⁸ George Keen of the Co-operative Union had the same view of cooperatives and, in 1912, he wrote:

*The fundamental principle as well as the supreme objective of genuine co-operators, from the days of Robert Owen until now, has been the physical, mental and moral improvement of man, the noblest work of God.*⁹

This moralistic purpose of the co-operators naturally compelled them to develop special programs for that magnifier of human vice and frailty, the emergent industrial city. Mackenzie King¹⁰ and F.D. Monk¹¹ both conceived of co-operation as an ideal solution to the class dissensions and social dislocation evident in Canadian cities; but it was George Keen and Samuel Carter who provided the most complete description of how the movement could cure the country’s urban ills. Aside from advocating consumer co-operatives as a means of improving the living standards of the working classes, Carter and Keen also encouraged co-operative institutions – such as labour co-partnerships and co-operative housing

7 House of Commons, *Reports of the Special Committee . . . Co-operative Societies*, p. 23.

8 E.A. Partridge, “Shall we co-operate to secure legitimate value for our wheat? - Experience is the great teacher. Knowledge is power. Unity is strength.” unpublished memorandum, copy in United Growers’ Library, Winnipeg, March 1, 1905, p. 1.

9 *The Canadian Co-operator*, Brantford, Ont., volume 4, number 2, November, 1912. Henceforth, references to this periodical will be abbreviated to C.C.

10 See House of Commons, *Reports of the Special Committee . . . Co-operative Societies*, pp. 79-80 and p. 88. See also R.M. Dawson, *William Lyon Mackenzie King, A Political Biography 1874-1923* (Toronto, 1958), p. 89.

11 See *Debates*, House of Commons, 1906, vol. 1, pp. 1841-52 and 1906-07, vol. 1, pp. 89-90.

projects – especially designed for urban conditions,¹² Carter was particularly impressed by labour co-partnerships (or businesses essentially controlled by the workers), and he tried unsuccessfully to establish one in Guelph during 1910.¹³ George Keen, equally impressed by co-partnerships, spoke about them frequently to labour groups throughout Southern Ontario. Typically, his message was as follows:

Labour co-partnership is the one remedy for industrial war. It is the only principle which on an equitable basis harmonizes completely and effectually the conflicting interests of labour and capital. It is the one method of production which makes strikes virtually impossible, for no man is anxious to strike against himself and jeopardize the integrity of his own capital in the process.

...¹⁴

Similarly, Carter and Keen advocated co-operative housing because they believed it gave the consumer (in this case the tenant) control over his own home and, to a considerable extent, over his own neighbourhood. This view of the potential of co-operative housing was in large part derived from a 1910 speaking tour by Henry Vivian, a British parliamentarian and co-operative leader invited to Canada by Earl Grey. Vivian particularly impressed Carter and Keen by his exuberant descriptions of the Ealing housing development, a co-operative venture he had helped organize near London. That project, which had started in 1903, boasted, by 1910, low mortgage payments of \$6 to \$10 per month; wide, paved streets; complete playgrounds; meeting rooms; an extensive library; and a billiard room.¹⁵ Arguing that such a system could be developed for new housing developments in Canada, Keen and Carter made it a

12 The co-operators were also staunch supporters of the municipalization of public utilities, a program long supported by European co-operators as a logical extension of their movement. Samuel Carter; George Keen, members of the grain growers' organizations and some *caisse populaire* leaders all favoured municipally-owned utilities.

13 William Lyon Mackenzie King was also a strong supporter of the labour copartnership principle (though he never went so far as to suggest complete worker control). See House of Commons, *Reports of the Special Committee ... Co-operative Societies*, p. 79ff. See also his book *Industry and Humanity*.

14 C.C., vol. 2, no. 4, January 1911, pp. 9-10.

15 C.C., vol. 4, no. 4, January 1913, pp. 13-14.

part of the co-operative metropolises they envisioned emerging in the near future. In George Keen's words:

The ideal Canadian city is a well thought-out and systematically developed scheme of co-partnership houses, occupied by workers engaged in labor co-partnership factories, buying their merchandise from their own Cooperative store. Then the age of the exploiter will disappear and the reign of a happy, contented and cultured people will begin.¹⁶

But, while some co-operators tried to relieve the larger cities of already existing problems, most were primarily concerned with protecting and developing the smaller cities or the countryside. Ultimately, most co-operators believed, salvation would come from outside, not from within, the large urban centres; thus it was most important for them to defend hinterland regions from the exploitive metropolitan centres so that those regions could be revitalized for the major reformist tasks that awaited them. Agrarian co-operators were particularly committed to the use of co-operation in regions being drained of their vitality by the large urban centres. The strongest element in the appeal of the grain growers, for example, was the notion that the pooled strength of the farmers would be at least equivalent to the collective power of the economic-political leadership of such centres as Toronto and Winnipeg.¹⁷ Similarly, in the United Farmers of Ontario movement, as it emerged just before the war, the idea that co-operation could save the rural society was very strong, and it led to the formation of the United Farmers Co-operative in 1914.¹⁸ And, finally, the same concept can be discerned in the work of Father Hugh MacPherson, the main force behind the early agrarian co-operatives of eastern Nova Scotia and the now frequently forgotten pioneer of the Antigonish movement.¹⁹

Even the non-agrarian co-operators were significantly motivated by the defensive purpose of the early co-operatives; in fact,

¹⁶ C.C., vol. 3, no. 1, November 1910, p. 5.

¹⁷ For examples, see J.W. Ward, "Co-operation for Western Farmers," *The Grain Growers Guide*, December 6, 1911, p. 10 and "The Power of the West," *ibid.*, August 17, 1910, p. 5.

¹⁸ See M.H. Staples, *The Challenge of Agriculture, The Story of the UFO* (Toronto, 1921), p. 69R.

¹⁹ See *The Casket*, October 7, 1920, p. 12 and P.M. Campbell, *Compassion on the Mulrurude*, unpublished manuscript, Sydney Public Library, p. 7ff.

the early twentieth century urban co-operators found their most sympathetic listeners in the towns and small cities most exploited by the larger financial, distribution, and industrial centres. The mining towns of British Columbia, Alberta, and, especially, Nova Scotia were particularly impressed by co-operators attempting to protect the local citizens from both the “financial buccaneers” of the major cities and their local representatives, the mine company officials.²⁰ Similarly, the co-operatives of such industrial towns as Brantford, Guelph, Hamilton, and Valleyfield were to a significant extent established to contest the rise, especially in wholesaling and retailing, of Toronto and Montréal. The advertising campaigns of the Hamilton and Brantford stores, for example, were obviously directed against the Toronto mail order companies,²¹ and all of the societies affiliated with the Union resisted attempting to organize chain stores like those associated with the larger cities.²²

Because of this emphasis on protecting local communities, the co-operatives of the pre-war years were almost all involved in social or cultural activities aimed at enhancing the lives of their members. Many of the societies had women’s guilds which undertook educational work and did community service. The Grain Growers, through *The Guide*, the operation of libraries, the encouragement of reading clubs, and a host of services to rural

20 For example, see George Keen’s reminiscences of the co-operative in Fernie and Natal, B.C., in his letter to A.S. Trotter; May 15, 1943. Co-operative Union of Canada Papers, Public Archives of Canada, vol. 114, 1943TZ: file “A.S. Trotter”. See also G. Keen to H. Michell, December 21, 1914. *ibid.*, vol. 13, 1914AM: file “M” and R.G. Bain, ‘Consumers’ Co-operative in Nova Scotia,’ unpublished manuscript in the files of the British Canadian Co-operative, Sydney Mines, Nova Scotia. Future references to the Co-operative Union papers will be abbreviated to C.U.C.

21 See copies of advertising in C.U.C., vol. 203: “Misc. Correspondence 1909-1919”

22 The agrarian co-operators on the Prairies were more sympathetic to the chain store idea, and various schemes were put forth in the 1900-1914 period, most of them patterned after the stores of the Right Relationship League in the United States. None of these schemes was ever implemented to any serious extent. In Ontario, there was always a large contingent within the U.F.O. movement that favoured the development of a chain of farmers’ stores. Until 1919, however, this faction was always outargued by the supporters of the locally-owned, locally-controlled store movement. The main leaders of the chain movement were R.W.E. Burnaby and (before he left to start his own chain stores) T.P. Loblaw; the most important advocates of the autonomist stores were W.C. Good, H.B. Cowan, and George Keen.

youth, sought to enrich the countryside and to break down the barriers of isolation. In Ontario, the agrarians organized a separate institution, the United Farmers of Ontario, to carry on rather successfully the same activities. And, in Québec, the *caisse populaire* movement sought to inject new vitality into older Québécois institutions by organizing on a parish basis and by encouraging the formation of study clubs. In Nova Scotia, most co-operatives had enrichment programs, but the society most committed to a wide social program was the British-Canadian in Sydney Mines. In 1908 it began holding annual picnics and, in later years, it began to sponsor a town band, a town choir, a theatrical group (which put on some co-operative plays, a few written locally) and a literary society. It also subsidized special events, such as the one described by its manager in 1912:

We are having a Monster Gala Day on Monday, July 1 . . . we expect 2000 children in our Procession and each child who walks in the Procession will receive a Festival Packet made up by the C[o-operative].W[holesale]. S[ociety], containing an assortment of Candies. We have also imported a number of Old Country Games namely Aunt Sally, Cocoa Nut Shies, Houpla, Love in a Tub, Football Game Etc. We have also 2 Pelaw Competitions one for Boys and one for Girls. The Prizes being given by the C.W.S. The Boys clean 1 Pair of Shoes

The Girls clean 1 / 4 doz. Spoons

*The Mayor of our Town is the Judge of the Boot Competition. . . .*²³

Such social activities appear rather trivial and remote in an age of centralized, professionalized amusements; at the turn of the century, however, they were not, and they were important parts of the co-operators' efforts to maintain the vitality of their communities.

Devoted to the notion that man must strive to control the forces that control him, the co-operators stressed social and cultural initiative almost as much as economic programs. Aware of many of the complexities of the twentieth century and as relatively successful defenders of the hinterland, they could not afford to be mere economic animals.

23 W.C. Stewart to G. Keen, June 22, 1912. C.U.C., vol. 9, 1912AL: file "8-1912".

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A quest for a better standard of living, a desire to elevate the moral tone of society, an attempt to reform existing cities, and an effort to protect local communities from metropolitan influences, therefore, were the most common purposes within the Canadian co-operative movement of the 1900-1914 period. Beneath those purposes there were five major principles: that the common man was capable of great tasks; that education was basic to social change; that the competitive ethic was wrong; that traditional political activity rarely produced basic reform; and that it was possible to construct a utopian Co-operative Commonwealth. There were, of course, as in all movements, great variations in the intensity with which these underlying assumptions were held by different co-operators: certainly there was not a strong bond between a pragmatic Prairie farmer who saw co-operation essentially as a means of securing a better price for wheat, and a George Keen, who saw co-operation as a philosophy adequate for all aspects of life. Yet, the attitudes can be discerned in all parts of the Canadian movement, and they became ingrained, albeit often tenuously, in the co-operatives that emerged between 1900 and 1914.

For co-operators, the conviction that the "common man" could reform the world had its basis in Robert Owen's belief that man was usually conditioned by his environment; improve a man's surroundings, give him an opportunity to develop himself, so the argument went, and he would almost inevitably become a better man. While only a few, such as George Keen, were aware that the idea, at least in British co-operative circles, went back to Owen, all parts of the Canadian movement accepted it instinctively in interpreting their role within Canadian society. The Owenite approach found such easy acceptance in large part because so many Canadians had been exposed to the same notions in either the labour or the agrarian movements. The radical labour press of the late nineteenth century had popularized the notion, some of the newspapers even linking it with the co-operative movement.²⁴ Similarly,

²⁴ See F.W.Watt, 'The National Policy, the Workingman, and Proletarian Ideas in Victorian Canada', *The Canadian Historical Review*, 1959, p. 16ff.

the agrarian movement had long revered the honest yeoman as the basis of its reform efforts. From William Lyon Mackenzie through the Grange and the Patrons of Industry to the Canadian Council of Agriculture, the leaders of the Canadian countryside had always romanticized and extolled the virtues of the ordinary farmer. Thus co-operators had little difficulty in gaining support for their own arguments on behalf of the eternally victimized but potentially reformist common man.

To prove that ordinary citizens could successfully unite and organize reforming institutions, the Canadian co-operators pointed to already prosperous co-operatives in Canada, the United States, and Europe. Within Canada, by 1914, they were alluding to several prosperous and promising movements: the grain growers co-operatives had had few problems; the dairy and wool societies of Central and Eastern Canada had overcome their early difficulties; the caisses populaires of Quebec had an unblemished record; and even the store movement – the weakest wing of Canadian co-operation – had produced efficient organizations in such centres as Sydney Mines and Guelph. Similarly, outside of Canada, the co-operators found successful examples with which to buttress their arguments: the Right Relationship League, for example, was a successful agrarian movement, employing some co-operative techniques in the United States; New York and Chicago had large co-operative stores and flourishing co-operative housing projects. Even more importantly, co-operators found it very useful to popularize the European movements: Canadian agrarians, for example, were especially interested in the agricultural co-operatives of Denmark; co-operative credit supporters were impressed by their Italian, German, and Belgian counterparts; and, perhaps most importantly, all were intrigued by the diversified, expanding British movement – a movement that had attracted the support of ten million Britons by 1910.²⁵ In fact, when viewed internationally, in

²⁵ For summaries of these movements see the Annual Reports of the International Co-operative Alliance. Earl Grey prepared a useful summary of the European movements for the 1906-07 Committee. See House of Commons, *Reports of the Special Committee . . . Co-operative Societies*, p. 83ff.

those halcyon days before the war, co-operation seemed to be the technique that would develop man,

*Till the war drum throbbed no longer and the battle flags were furled
In the Parliament of Man the Federation of the world.*²⁶

To reform the world through the common man, though, there was an imperative need for extensive education programs. The Rochdale pioneers, the most practically successful of the early British co-operators, had made educational activities a major part of their approach. Similarly, the Canadian co-operators, many of whom admired the ideas of the Rochdale pioneers, emphasized the need for education. The Co-operative Union itself was one manifestation of the interest in education, indicated by the fact that one of its major purposes was to teach Canadians about the philosophy and methods of the movement. Within the agrarian, *caisse populaire*, and store movements, considerable attention was paid to educational activities, most of them associated with the publication of periodicals, the sponsoring of cultural events, and the purchase of literature from the Co-operative Union. But, regardless of the technique, the educational programs were all based on the belief that the ordinary man, when exposed to the truth, would act and act wisely in the best interests of society.

The emphasis on education, which followed so logically from the commitment to the common man, was also related to the co-operators' conviction that competition was evil. The Canadian co-operators were part of a general nineteenth and twentieth century reaction against hedonistic utilitarianism, classical economic theory, and social darwinism. They shared, admittedly on a less intellectual level, the revulsion with competitiveness so obvious in the writings of John Ruskin, Henry George, Peter Kropotkin, and Charles Gide. They were not unrelated, either, to the colonies movement of the nineteenth century or to the mutual-aid and

²⁶ A. Tennyson, "Locksly Hill". Tennyson was one of the most popular poets of the Canadian movement. The Union's motto.

*Let all men find his own in all man's good,
And all men work in noble brotherhood*

was taken from Tennyson, and the agrarian press frequently printed his poems

self-help societies that appeared throughout western civilization in the 1880-1920 period. In short, the Canadian co-operators were part of a world wide turn to co-operative techniques at the turn of the century, a part of a widespread attempt to escape the competitive philosophy espoused by many elite groups during the late nineteenth century. Convinced that competition as a rule of life was wrong, the co-operators had little sympathy with traditional capitalism. They were opposed to businesses organized by capitalists dominated by the desire to speculate on land, production, or distribution. Instead, they advocated an economic system in which the consumers of specific services would decide, on an egalitarian basis, how those services would be organized, how they would be operated, and how they would distribute their surplus funds.

In short, they envisioned an order in which consumers and workers would each have a voice at least equal to that of management, and each of the three would be more powerful than capital. Efficiency might be sacrificed on occasion by such changes, but service at cost, consumer dominance, and equitable working conditions would be universally applied. Nor would people in authority be paid excessively high salaries; in the early years at least, Canadian co-operatives, following British and European precedents, paid its leaders low salaries in comparison to capitalist businesses. According to the tenets of the purest co-operators, ability received its true rewards in service not salary. Ironically enough, the co-operators buttressed their attack on competition as the basis for civilization by their study of large businesses. The late nineteenth and early twentieth centuries witnessed numerous amalgamations and price-setting agreements between large business organizations. These arrangements had often been most profitable for those involved, and the precedents they set were used by cooperators as examples of how working together could benefit all concerned.²⁷ Obviously, so the co-operators argued, wise businessmen were not following their own *laissez-faire* rhetoric and were susceptible to the idea of joining forces when it was immediately profitable. The only problem was that businessmen did not have a wide enough

²⁷ For example, see C.C., vol. 2, no. 2, November, 1910, p. 15.

circle of potential prospects for co-operation; in particular, very few of them thought about establishing equitable arrangements with their workers, and even fewer thought of involving their customers formally in key decisions. Nevertheless, the willingness of businessmen to unite and to prosper together was looked upon as an important indication that the future would be characterized by co-operative approaches not by rugged individualism.

In establishing the new world order – a process which big business was unconsciously aiding – the co-operators did not assign too important a role to political activity. In part, the tendency to de-emphasize politics resulted from the distaste shown by many agrarians for the political process in the early twentieth century, a distaste that generally became revulsion after the 1911 federal election. More fundamentally, many co-operators spurned political activities as much as possible because of a conviction that politicians merely reacted to underlying social and economic realities. If one wanted to change a society, then one had to alter basic social attitudes, and that could be done only by educational programs or by group activities unrelated to politics. In part as a result of that conviction, the co-operatives of the 1900-1914 period were generally neutral politically, and, with a few exceptions, co-operators were not active in provincial or federal politics, though many were involved in nonpartisan municipal politics.²⁸ In fact, most co-operators seemed to subscribe to the view of politics popularized by George Keen in 1910:

Human greed cannot, at present anyway, be eliminated altogether and there is always the danger of some self seeking and capable individual exploiting the other members of the community. That indeed is the one objection I have

²⁸ Many co-operators did become active, of course, on the federal and provincial levels during and after the war. This activity was directly connected to the crises associated with the war and to the disintegration of the Liberal party. A further important aspect is that the co-operators of the 1917-1925 period were most attracted by such devices as initiative, referendum, recall and proportional representation. Those devices were very much in keeping with co-operation's main arguments on behalf of wider democracy. In fact, with such men as W.C. Good, it is impossible to separate their co-operative from their political activities. Following the collapse of the Progressive movement and the decline of the Independent Labour Party, most Canadian co-operators returned to their original neutral position.

to political socialism. Individuals could obtain political power equal to that of capitalists and use it for the same purpose by organizing the great mass of ignorance. The Co-operative movement being voluntary can only succeed to the extent it can raise the average intelligence of the people to the end that they will keep their leaders subject to the interests on the people.²⁹

As Keen implied, co-operatism's greater reluctance for extensive state action was the main difference between it and socialism. Both ideologies were collectivist in their approach; both opposed capitalism, at least in its most developed forms; and both advocated the principles of production for use and fair treatment for labour. But, in essence, their approaches were quite different though not incompatible.³⁰ Moreover, socialism, even if its adherents could be convinced of co-operatism's value, was a doubtful ally before 1914; it was certainly strong in many cities, but that strength, assuming that it could have been mustered on co-operation's behalf, would not have made up for the losses to the latter resulting from an open alliance. The result was that both movements generally proceeded along separate paths in the early years of the century, and, by the twenties, when some socialists were seriously interested, Canadian co-operators had become too committed to political neutrality to join forces in a common cause. Thus, though many Canadians thought the two movements were closely intertwined – and that notion definitely restricted co-operation's development³¹ – the fact was that they were not.

There was one other way in which pure co-operatism differed from at least the more extreme brands of socialism. Co-operatism recognized the existence of a class struggle, but, ultimately, it argued that politicizing one's self to participate within it was self-defeating. Rather, one should seek only the legal rights required to organize co-operative institutions and thereafter develop them to demonstrate the superiority of collective approaches over com-

29 Keen to A. Soper, September 13, 1910, C.U.C., vol. 6, 1910AZ: file "S".

30 In Great Britain, for example, when co-operators organized their own party in the early 1900's. it had no difficulty working with the Labor party in Parliament. In fact, few people outside of Great Britain realize that such a party exists.

31 For example, see exchange between J. Pilkington and G. Keen, September, 1910, C.U.C., vol. 6, 1910AZ: file "P".

petitive techniques. Co-operation, then, unlike at least more radical socialism, had no concept of abrupt revolutionary change, no faith in extensive programs initiated by even the best motivated governments. In short, in its purest form, co-operatism, as viewed by many Canadian co-operators between 1900 and 1914, was a gradualist reform movement that asked for nothing more than an opportunity to prove its worth.³² George Keen described this moderate aspect of the movement as follows:

*Co-operation supplements political economy by organising the fair distribution of wealth. It touches no man's fortune; it seeks no plunder, it causes no disturbance in society; it gives no trouble to statesmen, it enters into no secret associations. It contemplates no violence, it subverts no order, it envies no dignity, it asks no favor, it keeps no terms with the idle, and it will break no faith with the industrious: it means self-help, self-dependence, and such share of the common competence as labour shall earn or thought can win, and this it intends to have.*³³

In large part because of their gradualist approach, most Canadian co-operators in the 1900-1914 period had only the vaguest blueprint of the utopia for which they laboured. The imprecision, however, did not in any way diminish the certainty with which at least a few cooperators awaited the commonwealth. Many letter writers to *The Guide* predicted the advent of the co-operative millennium,³⁴ and many of the writers and leaders of the early agrarian movement had deep utopian convictions.³⁵ Desjardins, while most concerned about credit unions, was aware of the possibilities of other types of co-operation, and he looked forward to the union

32 The resistance to political activity by co-operators was one of the reasons why the co-operative movement had difficulty in uniting with labour unions. As the nineteenth century drew to a close, many trades unionists dedicated to reform turned to political activity, rejecting the politically neutral approach more common in the 1880's. (See Watt. "The National Policy. . .", p. 23ff). The result was that unionism and cooperatism never developed the alliances that were so mutually beneficial in many European countries.

33 Unentitled article, undated, C.U.C., vol. 203. Misc. Correspondence, 1909- 1919: unsorted notes.

34 For example, see several letters, *The Guide*, late 1910.

35 For example, see H. Moorhouse, *Deep Furrows*, Toronto, 1918, especially pp. 281-292. W.C. Good. *Production and Taxation in Canada*, p. 93ff.

of all of them in some future, better world.³⁶ In Nova Scotia, Father Hugh MacPherson and many of the co-operators in the mining districts similarly looked forward to the dawning of a better age. And, perhaps above all, the men behind the Co-operative Union saw themselves as part of a historical process that would end ultimately in a co-operative commonwealth. Keen demonstrated this historical perspective in a summary to a typical article he wrote in 1910 for an American co-operative journal:

If, in the organization of distributive societies among American workingmen, adequate attention is paid to their education in the history, principles and purposes of the Movement we shall here, as in other countries, develop a sense of individual responsibility for the common success, and an irrepressible enthusiasm for this great and beneficent Movement, before which all difficulties will vanish, and which will place the North American continent on the vanguard of our great world-wide mission to establish the brotherhood of man.

III

Thus, Canadian co-operators of the 1900-1914 period had definite purposes for their organizations, and behind those purposes there rested a reasonably well-developed ideology. Yet, while it is clear that both the purposes and the ideology had an impact, it is equally clear that they did not produce, in the period discussed, an integrated national movement. Connections between the sub-movements were tenuous, co-operatives had little impact upon the federal government, national co-operative organizations were weak to say the least, and the co-operative approach frequently was absorbed within such other movements as regionalism, agrarianism, or radicalism. In short, co-operatism had an impact, but that impact was frequently beyond the national awareness of most Canadians.

The weakness of co-operatism as a national, organized movement was demonstrated by the general ineffectuality of the Co-

36 See A. Desjardins to Keen, July 14, 1909, C.U.C., vol. 5, 1908-09 AZ: file "D". See also House of Commons, Reports of the Special Committee... Co-operative Societies, p. 30.

operative Union between 1909 and 1914. The executives of the Union corresponded with leaders of all the major co-operative developments, but, with the exception of the store movement, they did not have a significant impact. Always short of funds, the Union relied upon the voluntary contribution of its executives until 1918, and it could not gain adequate financing from Canadian co-operators until the late twenties. With an office in Brantford, the Union was remote from the movement's strongest segments, located on the Prairies, in Québec, and in Nova Scotia. Even the Union's most successful undertaking, the publication of *The Canadian Co-operator*, a monthly periodical of generally high calibre, was not as widely accepted as it might have been.

In part, the C.U.C.'s weakness was the result of errors and biases on the part of its executives. As Englishmen impressed by the British store movement, Samuel Carter and George Keen did not know much about, or do much to stimulate, other parts of the movement, notably producer and banking co-operatives. Convinced of the necessity of making consumers completely dominant, they did not study sufficiently the problems confronting the country's primary producers and creditless poor. Even more importantly, they had indifferent success in developing co-operative stores, partly because of their own conservative business policies, but mostly because the retail trade was very competitive in the early twentieth century, and because the economic recession of 1913 unavoidably forced the closing of many stores. As a result of these adversities, the store movement, except for one brief experiment in Nova Scotia during 1912, could not develop a co-operative wholesale, meaning that the stores had no readily available source of credit during difficult times. Thus the Union, isolated in Ontario, was most closely identified with the least successful wing of the Canadian movement; this identification with marginal success and frequent failure was not an easy drawback to overcome and was not done so until the twenties.

But the weaknesses of the Union's executives only partly explain its inability to forge a strong national movement. Keen, Carter, and their associates were reasonable men who were sympathetic to all co-operative causes; if they had been pushed, they

would have adjusted to the demands of the movement, just as they and their successors did during the 1925-35 period. The point is that Canadian cooperators did not demand a strong national movement between 1900 and 1914. In part, the failure to secure a federal co-operative bill explains the decentralized nature of Canadian co-operation: a national action requiring federal enforcement could possibly have encouraged unity and helped establish a more dynamic role for the Union. Without it, co-operation developed a provincial or at most regional orientation that became a significant barrier to national co-operative unity. The most obvious example of regional diversity creating disunity was to be seen in the *caisse populaire* movement. Until about 1912, Desjardins and English-Canadian co-operators worked very closely together in the quest for federal legislation. When that effort failed and when French-Canadian nationalists and Roman Catholic clerics became more active in the *caisses populaires*, a gulf emerged that has not since been completely bridged. In fairness, the gulf was not entirely the fault of the French-Canadians: few English-speaking co-operators could speak French (or even tried), and the Union did not translate its publications during the early years. In fact, the gulf became so great that most English Canadians learned about credit unions from the United States, which in turn had been introduced to them by Alphonse Desjardins. Even more ironically, following the divergence which began about 1912 (and did not start to narrow until the forties) the Union corresponded more with a host of English-Canadian missionaries active in Chinese co-operatives than it did with French-Canadian co-operators.

But the French-Canadians were only the most extreme of the provincial or regional autonomists of the early twentieth century. Co-operators in British Columbia, for example, were weak contributors to the Union's development (and, by implication, to the national movement). Most B.C. co-operators believed they were developing educational techniques suitable to their own clientele and environment. Thus, rather typically, the secretary of a struggling society in Rossland wrote during 1909:

Perhaps our methods [of education] would not be acceptable in the East, nor Eastern methods be acceptable here. For the present at any rate we prefer to paddle our own canoe.

Similarly, until Keen started to make tours of the Prairies during the twenties, western co-operators contributed very little financially to the Union's development. And, finally, while the Nova Scotian societies were the most generous supporters of the C.U.C., even they found it expendable during times of adversity: during the 1913 recession, for example, the Maritime Co-operative Board, made up of the Cape Breton societies, notified the union that it could not send more money "toward the forwarding of the movement in upper [sic] Canada." In difficult times Maritime co-operators, like their colleagues elsewhere, opted to defend what their own co-operatives had always tried to protect: the viability of their own local institutions.

The strength of such regionalism suggests yet another reason for the lack of formal unity in the early twentieth century: the indifferent commitment of many co-operative members to either all the purposes or the total ideology of the movement. While any complete analysis of the motivation of most members must await further study, it is clear that for many people co-operation was more a technique than a movement. Just as importantly, within co-operative organizations, leaders tended to be more frequently drawn from pragmatic rather than idealistic wings of the movement. Certainly, George Keen, that most consistent spokesman for the movement approach, found more of his supporters among the membership than among the leaders of co-operative institutions. For that reason, the national movement might have been stronger than was at first apparent, but its strengths did not produce strong national institutions.

Finally, in assessing the institutional weaknesses of the national movement, some mention should be made of the attacks of opponents. Few co-operative institutions went unchallenged between 1900 and 1914. Potentially the co-operatives could harm too many people and certainly Canadians were too committed to individualism to allow cooperatives to develop without attacks. The Grain Growers Grain Company, for example, encountered

many difficulties before it was accepted on the Winnipeg Grain Exchange; and, in the process, it had to jettison a considerable portion – eventually perhaps all – of its co-operative commitment. Similarly, the lobbying of the Retail Merchants Association was crucially important in the ultimate defeat of the attempts of co-operators to gain federal legislation. In fact, so aroused were the merchants that they sent, in 1908, the largest delegation of protestors to appear to that time on Parliament Hill. And, finally, many co-operative stores between 1900 and 1914 were boycotted partly or totally by orthodox wholesale attempts to restrict the development of co-operatives. For a movement struggling to gain acceptance, these instances of serious opposition were not only significant – in the case of some co-operatives, they meant the difference between surviving and dying.

IV

Thus, early twentieth century Canadian co-operation was a remarkably diffused and poorly integrated movement. It possessed common purposes and an ideology, but because of internal weaknesses and external opposition, it never entered the national consciousness to the same extent that it permeated local or regional feelings. Rather, in those years, it became a major defender of hinterland regions against the encroachment of outside forces, and, in the process, it became associated with other often overpowering movements. Agrarians, social gospellers, trades unionists, French-Canadian nationalists, and regional loyalists generally found in co-operation a valuable weapon for their own purposes, and thus co-operation became a useful technique across Canada.

At the same time, however, co-operation did have an impact on its own merit, and it is this impact that has generally been overlooked. There were communications between the various sub-movements; the Union did survive despite severe handicaps; the ideology and especially the purposes of the movement received widespread publicity; and, perhaps most importantly, Canadian co-operators, even if they all did not know what they meant, said

they belonged to the movement and believed they were somehow connected to wider, international co-operative circles. In later years this sense of belonging would help unite the movement in times of adversity created by widespread depression, government ignorance, or implacable opponents.

In short, co-operators began to develop a sense of awareness between 1900 and 1914, and, in the process, helped to defend individuals and regions threatened by the centralizing forces of the twentieth century.

Patterns in the Maritimes Co-operative Movement 1900-1945¹

MARITIME CO-OPERATIVES AND their leaders have always played a major role within the Canadian co-operative movement. From the earliest years of this century Maritimers have experimented successfully with many different forms of co-operatives, have collected considerable information on co-ops in other countries, and have provided coherent statements of the total possibilities of co-operative action. They have also been among the most active supporters of national co-operative organizations and projects: without their support the Co-operative Union of Canada would not have survived its first twenty-five years from 1909 to 1934; without their involvement, the national campaigns for favourable taxation regulations for co-operatives would not have been so successfully waged in the late twenties and early forties; without their promptings, there would not have been national co-operative insurance companies and financial organizations established after World War II.

In large part, the prominent role played by Maritimers can be explained by the personalities of the co-operators who represented the region in national organizations and activities. W. C. Stewart, M. M. Coady, J. J. Tompkins, A. B. MacDonald, J. T. Croteau, Alex S. McIntyre, Martin Legere, Alex Laidlaw, W. H. McEwen, and Lloyd Matheson were or are strong individuals with both idealistic motivation and judicious judgement. They have also been a remarkably consistent group of men: all have had strong bonds with the rural, fishing, and industrial communities of the Maritimes; all have been convinced that the co-operative technique could be useful to the underprivileged in a variety of ways; all have supported

¹ The co-operative movement in Atlantic Canada has always played a much greater role than its size would suggest. This paper, which deals only with the "Maritimes" (the movement in Newfoundland is not considered), is reprinted, with permission from *Acadiensis*, where it first appeared in Vol. V, No. 1, Autumn 1975, pp. 67-83.

the idea of all co-operatives pooling resources to meet common needs; and, most importantly, they have all been influenced by the co-operative ideology so forcefully presented by the Antigonish movement emanating from St. Francis Xavier University.

But the consistency of these men and the dominant position of the Antigonish movement did not mean that there was either a simple or a deeply united Maritimes co-operative movement in the years down to 1945. Geographically-based localism, provincial boundaries, metropolitan rivalries, personal animosities, complex historical backgrounds, institutional conflicts, religious divisions, and ethnic differences, all played important roles in the Maritime movement; they meant that there were really several sub-movements in the Maritimes, sub-movements only occasionally brought together by common needs or by the Antigonish leaders. But more fundamentally, the Maritimes movement developed along several paths at the same time because there were several different motivating forces for the co-operatives that began and in some instances, quite different objects to be pursued. Needs varied across the region, and, because they did, organizations that resulted varied from each other, meaning that unity was nearly always illusive before 1945.

In all probability, the Maritimes turned to co-operative methods of buying and selling food earlier than any other region. Traditionally, the first co-operative store in Canada was established in Stellarton in 1861; it was followed by another ten Nova Scotian stores before the end of the century, most of them located in the mining districts of Cape Breton.² In the early 1900's, following a decade of adverse experience for co-op stores, another series of stores was started in such centres as Sydney, Sydney Mines, Reserve, Dominion, and New Waterford. Some of these stores were very successful and lasted several years; one of them - the British Canadian in Sydney Mines - still exists;³ but most of them gradu-

2 For more detail on these stores see R. G. Bain, "Consumers Co-operatives in Nova Scotia," (M.A. thesis, Acadia University, 1938). See also "Co-operation in Canada," undated memorandum, The Co-operative Union of Canada Papers (hereafter CUC), Public Archives of Canada, Vol. 12, 1913MY: file "U".

3 [Unfortunately, since this article was written, the British Canadian has also closed. - Ed.]

ally faded away, the victims of economic change in their regions, bad management, or indifferent membership.⁴

For as long as they existed, however, the industrial co-ops attempted to meet the widespread needs of their members: the first of these was cheap food. Mining communities had fluctuating economic histories - because of industrial disputes, depleted collieries, and vacillating markets - and found it difficult to attract and hold retail merchants. And, when ordinary retail stores did appear, the miners believed, they overcharged for their wares. One possible solution to this problem - the company store - was attempted in some mining communities, but it never proved to be satisfactory. Company stores were part of a "neo-feudal" system that also included company housing and, in effect, company-run municipal governments. Given the difficulties characteristic of the mining towns in the late nineteenth century, miners naturally resented the entire system and particularly focused their attention on the company store. Thus the early labour organizations, such as the Provincial Workmen's Association, encouraged co-operatives and played a role in some of the stores established in the nineteenth century.⁵

Of all the stores started in the mining communities, the British Canadian Co-operative Society in Sydney Mines was easily the most successful. In large part, this success can be explained by the particular needs of its early membership. In 1905 a fire destroyed an early Sydney Mines co-op called the Provident Society. As that society had been struggling to survive for many years, the fire had the effect of destroying interest in co-ops among many of the older residents of the area. Thus when the British-Canadian started about a year later, it was primarily the work of recent arrivals from the British Isles, men and women who had been trained to see the co-op store as a major part of their lives. Inevitably, therefore, the new society was solidly within the traditions of the British store movement; in fact, the store was founded by the same people who

4 See testimony of W. L. M. King, *Reports of the Special Committee of the House of Commons of the House of Commons to whom was Referred Bill No.2, an Act Respecting Industrial and Co-operative Societies.* (Ottawa. 1907), pp. 77-78.

5 *Ibid.* p. 77.

a few months earlier had established a fraternal society called the Sons of the British Isles.⁶ The new society followed strictly the tenets of the Rochdale system and emphasized high patronage dividends, cautious expansion, adequate reserve funds, and a strong educational programme. In 1908 it had its first excursion picnic and established an educational fund.⁷ In succeeding years it sponsored essay contests, thrift campaigns, an orchestra, special relief projects for families in need, and numerous educational activities.⁸ Its British orientation was demonstrated in the early years by its importation of managers from Great Britain, by special arrangements with British tea and jam distributors, and by affiliation in 1910 with both the (English) Co-operative Wholesale Society and the (at that time) British-oriented International Co-operative Alliance.⁹

Partly because of the loyalty of the original members, partly because older residents in the area again became interested, and partly because the British Canadian could draw upon the experience of the British movement, the society prospered. Within ten years it had nearly a thousand members and annual sales of \$319,000; in twenty-five years, it had nearly 3,500 members and gross annual sales of nearly \$1,500,000.¹⁰ The total dividends allocated to members by 1938 totalled over \$3,000,000, a significant amount of money in the frequently cash-poor districts of industrial Cape Breton.¹¹ The success of the society was further demonstrated by the opening of eight branches in mining communities near Sydney Mines. In fact, so successful was the society that for about twenty years from 1917 onward it was probably the largest consumer co-operative in North America.

Success did not, however, make the British Canadian particularly expansionist. Each branch was added cautiously after lengthy

6 See "History of the British Canadian Co-operative Society and its Branches during its 25 years activities in Cape Breton," Sydney, N. S., 1931. p. 13ff. Copy available in the library of that organization.

7 Ibid. p. 14.

8 Interview with I. West and R. Evans, August, 1972.

9 "History of the British-Canadian"... pp. 21-23.

10 Ibid., p. 62.

11 R. G. Rain, "Consumer Co-operatives..." p. 61.

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OFFICERS OF BRITISH CANADIAN CO-OPERATIVE
WOMEN'S GUILD, SYDNEY MINES, N.S.

Standing (left to right): Mrs. W. Burchell, Convener Entertainment; Mrs. Marsden, Literary Secretary; Mrs. Reid, Convener Kitchen; Mrs. Cross, President; Mrs. Wilson, Life Member; Mrs. Fraser, Vice-President. Sitting (left to right): Mrs. Annie Baxendale, Life Member; Mrs. Alice Baxendale, Treasurer; Mrs. E. Kerr, Recording Secretary; Mrs. Morris, Life Member; Mrs. Skinners, Life Member; Mrs. Roper, Life Member.



discussions on the board and between the board and aspirant member groups. In fact, the British Canadian refused to open branches in some areas and in some instances “to take over” stores already in operation but in difficulty. In part, the reluctance to grow was because of failures and near failures of co-ops in nearby mining communities. During the depression of 1913 and the difficult times at the start of World War I, several co-operatives encountered difficulties in the mining districts; as they did so, the British Canadian was pressured to rescue them, usually through a process of amalgamation. In the case of Glace Bay, the society willingly acceded to amalgamation, but in several other instances it did not. Early in its career, the British Canadian became very concerned to avoid entanglements with weak co-operatives that potentially could undermine its own stability. In 1913 and 1914 the dangers of such entanglements were demonstrated when a prematurely-organized Cape Breton wholesale incurred debts that the British Canadian was forced to pay off.¹²

But the isolationism of the British Canadian had more behind it than a fear of bad business practice; it was also a result of the British background of most of the society’s leaders. The British movement was characterized by autonomous societies, an emphasis on self-sufficiency, and a suspicion of new forms of co-operation. Most British co-operators were committed to the notion of developing small groups of consumer societies, which, as each strengthened, would come together to form a wholesale, manufacturing societies and service organizations; they were not enthused by the pattern of proto-chain stores with strong central direction, the pattern experimented with by the Right Relationship League and N. O. Nelson in the United States and, briefly, by the United Farmers Co-operative in Ontario.¹³ Thus the British Canadian, despite its success, never visualized itself as the focus of even a Cape Breton let alone Nova Scotian or Maritime movement.

This reluctance of the British Canadian to assume leadership was not of much significance from 1914 to the 1930’s because, in

¹² “History of the British Canadian”, p. 25.

¹³ See exchanges between W. C. Stewart and George Keen, C.U.C., Vol. 138 “British Canadian Co-op Soc.”

those years, the store movement was generally lethargic. Toward the end of the war a few societies emerged in the towns and cities of the East, notably Saint John, Moncton, and Halifax, but they were isolated and weak, too far removed from Sydney Mines to be potential associates. The stores that emerged among farming groups, however, were somewhat different. In 1916 the United Farmers Co-operative Company of New Brunswick was formed, with head office in Woodstock and later Moncton. Twenty-five stores were opened in New Brunswick and six in Nova Scotia by 1920, and in that year the society changed its name to the Maritime United Farmers Co-operative.¹⁴ As with the United Farmers Co-operative in Ontario, the M.U.F. soon encountered adversity because of internal divisions, the depression of the early 1920's, and effective competition. In 1922 the stores were decentralized as the debts of the central body increased; by the end of the decade only a handful remained in operation, and these were completely separated from the industrial societies of Cape Breton.

The same pattern of decline was discernible in the mining districts during the twenties primarily because of the labour-management struggles that started in 1922. The co-ops - especially the British Canadian - found themselves in a difficult position during the strikes of that decade. On the one hand, they favoured the miners - they could do little else since they were owned by miners - and relaxed rules on credit for members, provided free meals to children, and collected contributions from other Canadian co-ops.¹⁵ But, on the other hand, the leaders of the British Canadian had some sympathy with the mine owners and very little for the more radical strike leaders, notably J. B. MacLachlan.¹⁶ For the most part, the co-op leaders advocated more peaceful means of resolving disputes than strikes, and they did not believe the mine owners to be unreasonable men. Because of this position, the co-op leaders were criticized by some strikers for not contribut-

14 See R. J. MacSween, *A History of Co-operative Marketing in Nova Scotia*, section on "The Maritime United Farmers' Co-operative."

15 See letters from W. C. Stewart to George Keen, CUC, Vol. 143, 1925AY: file "British Canadian."

16 *Ibid.*, and Vol. 140, 1923AK: file "British Canadian Coop."

ing more to the workers, and in 1926 the New Aberdeen branch of the British Canadian was destroyed during a riot.¹⁷ In balance, however, the criticism of some strikers was more than offset by the good will of the many who accepted the argument that the first responsibility of co-operatives had to be to their own survival. The stores had an obligation to contribute whatever surplus funds they had to the strike effort, but at all times they had to maintain adequate reserves to insure their continuation.

Yet the strikes had a very detrimental effect on the older store movement because they seemed to indicate that the co-operative technique was of limited value. Throughout the industrial crises, co-operatives had served as provisioners for trades unionism, but, aside from a few conservative and hesitant comments, they had had little to say about the industrial unrest. In a Canadian context, it seemed, co-operation might help feed the hungry in times of extreme unrest; but it would not be regarded by the working man, even where it was strongest, as the total solution; in the struggle for the things that mattered, it was the union that made him strong.

Because of the apparently weak position they displayed over the strike, because of the Depression and their own isolationism, the older co-operatives did not undertake any significant expansionist programmes during the 1930's. Instead, the growth of that decade was attributable almost entirely to the activists from the Antigonish movement. Between 1931 and 1938 these men and women established twenty-nine stores¹⁸ which, by the latter year, were grossing over \$1,000,000 in business.¹⁹ While these stores were part of the general effort on behalf of the co-operation undertaken by the Antigonish workers, they were also responses to specific problems. During the twenties and thirties chain stores had begun to appear in the economically more stable areas of the Maritimes and, along with mail-order catalogues, had quickly undermined

17 See exchanges between Stewart and Keen, CUC, Vol. 144, 1926AC: file "British Can. Co-operative Soc."

18 A. B. MacDonald to R. MacDonald, May 31, 1938. Department of Extension files, St. Francis Xavier University, file: A. B. MacDonald, General Correspondence, 1938.

19 R. G. McBain, "Consumer Co-operatives." p. 88.

older merchandizing methods. As local economies became more and more dominated from without, as more and more independent retailers closed their shops, Maritimers turned to co-operatives as a means of withstanding the economic onslaught of the major metropolitan centres.²⁰ Not only were co-operatives “one hundred per cent Canadian-owned,” they were one hundred per cent locally owned.

The growth of the new societies brought into focus a tension in the Maritime movement that had been apparent since the early 1920's. As the men from Antigonish became more interested in co-operative action, they became critical of the British Canadian for being too cautious and too independent. Father Jimmy Tompkins, perhaps the most active of all the S.F.X. enthusiasts, was especially critical. In his view the British Canadian leaders were “like clams” and were incredibly lethargic in publicizing their own successes and promoting further development.²¹ Not a few members of the Antigonish movement - including Tompkins - suspected that the real reason for the lack of co-operation was anti-Catholic feeling on the part of the predominantly Protestant Sydney Mines society.²² The British Canadian naturally protested angrily any suggestion that this was the case,²³ but, true or not, there can be no doubt that old religious tensions did impede development of co-operative unity throughout the twenties and thirties.

The division between the established stores in Cape Breton and the burgeoning organizations spawned by Antigonish began to assume importance in 1934 when the drive to create a wholesale was started once again. The Antigonish leaders promoting the venture - especially A. B. MacDonald - repeatedly pleaded for the support of the British Canadian, but without success. Partly because of its isolationist tendencies, partly because of religious tensions, and partly because it was already receiving volume discounts from

20 One aspect of this attitude was that the Nova Scotian co-operators became strong supporters of buying Nova Scotia products. Several of the stores, for example, supported the Nova Scotia first campaign of “The League of Loyal Nova Scotian.”

21 J. J. Tompkins to G. Keen, 25 November 1927. CUC, Vol. 47. 1928QZ: file “T”.

22 See exchanges J. J. Tompkins and G. Keen, *Ibid.*

23 Interview by author of I. West and R. Evans, August 1972.

suppliers, the British Canadian remained aloof. The frustration caused by this aloofness was deeply felt. As one observer wrote,

*The British Canadian MUST be brought in. ..this silly prejudice against Antigonish must be rooted out. Its all damn fine to be English. But it's hell to be obstinate.*²⁴

But the Sydney Mines-Antigonish split was not the only division that retarded the development of a wholesale; perhaps an even more crucial one was a rural-urban dichotomy. This split had its economic and institutional overtones - the two sides for example, had quarrelled throughout the late twenties over which should control dairying²⁵ - but the main reason for the division was deeper than that: the needs of the two groups varied considerably. The urban co-operatives needed a steady and inexpensive source of supply; they needed a wholesale willing to assume the traditional role of business adviser and financial bulwark, and, above all, they needed a wholesale that would be responsible to them because they would own it. The farmers, on the other hand, did not require, during the early thirties at least, so elaborate a wholesale because their needs were simpler. To understand this difference, however, it is necessary to examine the roots of the agrarian co-operative movement.

The agrarian co-operative movement in the Maritimes emerged because of a series of problems that confronted the region's farms from the late nineteenth century onward. While these problems varied in intensity from area to area, they generally can be reduced in number to three. The first of these was rural depopulation: the rural counties of the Maritimes were losing their work force at as fast a rate as the Central Canadian counties; in fact, between 1881 and 1931 Antigonish county had a larger percentage decline in population than any other Canadian county,²⁶ and the rural coun-

24 L. R. Hollett to A. B. MacDonald, 5 February 1935, S.F.X. Extension files: "A. B. MacDonald -Stores & Plants & Co-operatives 1933."

25 See correspondence between George Keen and W. C. Stewart. CUC, Vol. 148, 1928AL: file "British Canadian."

26 *Extension Bulletin*, 30 December 1935, p. 5. Based on analyses by O. A. Lemieux of the Dominion Bureau of Statistics.

ties of eastern Nova Scotia declined from 89,110 to 65,595.²⁷ The second major problem was a faulty marketing system: the marketing of most commodities in the late nineteenth and early twentieth century relied heavily upon individualized and uncertain marketing or complicated patterns of jobbing and wholesaling. The third was the decline of the old sense of well-being created by self-sufficiency and isolation: as the city spread to the country, disenchantment set in, and those who wanted to preserve the rural way of life were forced to undertake onerous educational and cultural programmes.

In the struggle to improve and preserve rural societies, co-operatives early assumed an important role. During the 1880's and 1890's co-operative creameries appeared in Nova Scotia and New Brunswick, a little later than they had first appeared in Central Canada.²⁸ Primarily reactions to what the farmers believed were the exploitive practices of traditional dairies, these co-operatives expanded steadily in numbers and importance during the twentieth century. They did not become closely associated with other co-operatives, however, and, like most of their counterparts throughout Canada, remained almost exclusively concerned with securing the best income for their farmer owners. Similarly, farmers mutual insurance companies that began early in the twentieth century were essentially manifestations of dissatisfaction over existing insurance rates and services: always locally-oriented, always preoccupied with insurance, the mutuals were significant but isolated attempts to deal with one aspect of the farmer's need.

Rather slowly, in the twentieth century, farmers began to see how an integrated co-operative approach – involving co-op stores, co-op marketing, co-op bulk buying, co-op insurance, and co-op credit societies – could help to meet many of the needs of the rural communities. They did not do so, however, until they had organized in the first instance extensive co-operative marketing organizations for nearly every commodity produced by Maritime

27 W. Kontak and S. J. MacKinnon, *A Survey of Agriculture in Eastern Nova Scotia, 1871-1956*. (Antigonish, Nova Scotia, 1958), p. 1.

28 R. J. MacSween, *A History of the Nova Scotian Co-operative Movement*, section on "Co-operative Creameries."

farms. The Eastern farmers, in fact, though they started exploring the possibilities of co-operative action at about the same time as Canadian farmers elsewhere, were, in the early years, the most successful at adapting co-operative action to a wide range of commodity marketing. Starting in 1907, the Annapolis apple growers began to organize co-operative marketing organization; in 1912 they developed the United Fruit Growers, a co-operative that soon became the major marketing organization in the valley.²⁹ In the same year, T. A. Bension, a representative of the Dominion Department of Agriculture helped organize Prince Edward Island's first co-operative egg circles; within two years they had joined together in the Prince Edward Island Co-operative Egg and Poultry Association, and within ten years they were marketing the eggs of a third of that province's producers.³⁰

The provincial and federal Departments of Agriculture played important roles in the emergence of most of the marketing co-operatives. By 1914, all three Maritime provinces had co-operative legislation. Starting in the same year, the Federal Government, through its Agricultural Instruction Act, helped finance increased activities by the provincial Agriculture Departments. Fieldmen were appointed throughout the region, and some of these men were interested in co-operatives. The best known of these was Father Hugh MacPherson in Antigonish County. He became especially active in developing locally the co-operative marketing of wool. Until his involvement, the wool growers had suffered because of poor quality controls and exploitation by drovers. His co-operative organizational work was instantly successful, as was the work of similar agricultural representatives in other Canadian wool-producing areas. In 1917, these co-operative organizers promoted the formation of the Canadian Co-operative Wool Growers' Ltd., the first national co-operative marketing organization.³¹ Similarly, throughout the region, agricultural representatives actively promoted livestock shipping clubs. In 1920 lambs were first shipped

29 Nova Scotia, Secretary for Agriculture, *Annual Report* (1916), p. 173.

30 C. R. Fay, "Problems of the Maritimes Producers," *Dalhousie Review* (1924-25), p. 445.

31 P. M. Campbell, *Compassion on the Multitude*, unpublished manuscript, Sydney Public library, pp. 8-9.

co-operatively from Nova Scotia, followed two years later by hogs. Once begun, co-operative livestock marketing grew rapidly. Again, governments played a crucial role in the expansion, in particular because of the efforts of representatives of the Dominion Livestock Branch. Two of these representatives, A. B. MacDonald in Nova Scotia and J. K. King in New Brunswick, both appointed in 1919, were destined to play major roles in the agricultural movement.

The emergence of the livestock shipping groups did not mean continuous improvement of the farmers' position. Usually, members prospered dramatically upon organizing clubs, but buyers soon learned how to play clubs off against each other. Clubs, moreover, competed with each other in several instances, the result being lower prices than could have been achieved through unity.³² In 1927, finally recognizing the possibilities of pooled selling, eighty-six clubs came together to form the Maritime Livestock Board, a central marketing agency located in Moncton.³³ The first manager of this organization was J. K. King, who resigned from his post with the federal Department of Agriculture. Almost immediately the Board was marketing annually between \$500,000 and \$600,000, for the most part in lambs.³⁴ In 1930, so as to keep in step with the name selected for the national livestock marketing association - the Canadian Livestock Co-operative Ltd. - the Moncton-based organization became the Canadian Livestock Co-operative Ltd. (Maritimes).

C.L.C. (Maritimes) tended to concentrate upon Upper Canadian and other foreign markets. It did not concentrate upon the industrial markets of Cape Breton although it was quite obvious that a large potential market was located there: between 1891 and 1931 the population of Cape Breton county, which includes the industrial centres, increased from 31,258 to 92,502.³⁵ Nearby farmers, however, because of poor standards controls and inadequate marketing practices, were not meeting the demand: in 1925, for

32 W. H. McEwen. "Maritime Co-operative Services," *Canadian Co-operative Digest* (Winter, 1969-70), pp. 2-3.

33 *Canadian Annual Review* (1927-28), p. 438.

34 W. H. McEwen, *Faith, Hope and Co-operation* (Moncton, 1969), pp. 12-13.

35 *A Survey of Agriculture in Eastern Nova Scotia*, p. 1.

example, 23,000,000 pounds of meat, 155,000 cases of eggs, 2,730,000 pounds of butter, and 1,250,000 pounds of beans were imported into the Sydney area from outside Cape Breton county.³⁶ Generally impoverished farmers in the county, with the aid of S.F.X. fieldworkers, finally began to plan their own marketing organization to meet this nearby urban market during the late twenties. In 1931 the Cape Breton Island Producers Co-operative Limited was formed, and for two years it struggled against member inexperience, the depression, and effective competition. It failed in 1932 but was an important early experiment for the county's farmers.

These two marketing organizations, along with the United Fruit Company, the Maritime Co-operative Poultry and Egg Exchange, the Prince Edward Island Potato Growers, the Prince Edward Island Co-operative Egg and Poultry Association, several creameries, and other, small independent marketing co-operatives, very quickly saw the advantages of bulk buying. Fertilizer, coarse grains, fuel, and even consumer items, if purchased in large quantities, could be secured at low prices by these organizations, and incipient wholesaling operations sprung up as a result. As with pooled selling, fieldmen from the government agricultural departments encouraged this type of co-operation, as did the increasingly more active representatives of the Antigonish movement. As the savings made possible by this type of buying became evident, a few of the leaders of the various marketing organizations began to explore the possibilities of even more extensive bulk purchasing. From 1934 to 1937 a series of talks was held, involving representatives from the marketing co-ops and the consumer societies, to explore the possibility of organizing a regional co-operative wholesale. They were not peaceful nor particularly co-operative talks: the stores were divided between the British Canadian and the "Antigonish group". More importantly, the farmers, interested primarily in a relatively few commodities, were reluctant to accept the rather centralized, complicated type of wholesale needed by most of the stores. In fact, there can be little doubt that the entire

36 St. Francis Xavier Extension Department, Pamphlet "Eastern Markets for Eastern Farmers." Extension Department Files.

process would have collapsed except for the persistence of C.L.C. (Maritimes) and, above all, the enthusiasm of the men from Antigonish.

During the 1920's and 1930's, St. Francis Xavier University attracted a small band of priests [nuns] , and laymen [and laywomen] who were determined to improve the living conditions of Maritimers, especially those in eastern Nova Scotia. For the most part Maritimers themselves, these men and women were driven by Catholic variations of the Social Gospel, by regional, even local, pride, and by the challenge of Marxism, to undertake numerous kinds of community development projects. The pattern was set by Father Hugh MacPherson early in the twentieth century when he became active in agricultural education and co-operative organization work. It was continued by the diminutive, irascible, prodding, Father Jimmy Tompkins; the dynamic, humble, philosophical, Father Moses Coady; and the irrepressible, diplomatic, capable, A. B. MacDonald, In time, these men gathered about them numerous field workers and assistants, notably A. S. McIntyre, Kay Desjardins, Father Michael Gillis, J. D. Nelson MacDonald, Sister Marie Michael, and Ida Gallant. Collectively, these men and women, assisted by hundreds of workers scattered throughout the Maritimes, spearheaded a major reform movement that has generally been underestimated by Canadian historians.

The co-operative interests of this group matured in the 1920's.³⁷ During 1920 Fathers Hugh MacPherson and Jimmy Tompkins started the People's School, an early attempt at adult education for the most part among farmers. It was followed, in 1924, by the start of the Rural Conferences of the Diocese of Antigonish, annual meetings of clergymen and laymen interested in a wide range of social and economic questions. Inevitably, because of the growing interest of MacPherson, Tompkins, and eventually Coady, these conferences began to explore all kinds of co-operative action. Tompkins, in particular, encouraged a wider understanding of co-ops, an inevitable result of the extensive study of

37 For a more complete discussion of the Antigonish movement, see A. F. Laidlaw, *The Camps and the Community, The Global Impact of the Antigonish Movement* (Montreal, 1961).

the movement he undertook during the decade. Among other aspects of international co-operation, his studies concentrated upon the work of priests in the European movement, the co-operative educational activities of universities in the United States, and the role of folk schools in the Danish co-operative movement.³⁸ By the end of the decade, in fact, he and Coady had become convinced proponents of co-operative methods for almost any economic activity.

The first large groups of people who Coady and Tompkins tried to interest in co-operative activities were the fishermen of Nova Scotia and New Brunswick. They could not have found groups of people with greater needs: between 1918 and 1933 the marketed value of fish and fish products sold by Nova Scotian and New Brunswick fishermen declined from \$21,442,000 to \$9,101,000 and the decline was general throughout the twenties.³⁹ All along the coasts of the two provinces - and Prince Edwards Island⁴⁰ - were depressed little fishing communities unable to maintain their position in the face of new marketing patterns and strong competition. Tompkins and Coady became convinced that fishing co-operatives could help reverse the trend, and from 1924 onward the former in particular began to gather information on fishing co-ops elsewhere. This information - gathered from Continental Europe, Ireland, Newfoundland, the United States, and western Canada⁴¹ - proved invaluable later in the decade when the co-operative organization of Maritime fishermen began in earnest.

The plight of the fishermen became well known by the late 1920's in large part because of the indignant public statements of Jimmy Tompkins. In 1928 - partly because of his lobbying - a Royal Commission was appointed to investigate the fishing indus-

38 See correspondence between J. J. Tompkins and George Keen, CUC, Vol. 33, 1924HY: files "M" and "T" and Vol. 47, 1928QZ: file "T".

39 Canada, *Proceedings*, Royal Commission on Co-operatives (Ottawa, 1945), Vol. XII, p. 4402.

40 Prince Edward Island's fishermen, under the leadership of Chester McCarthy, started to organize somewhat earlier. For a brief history of their movement see J. T. Croteau, *Cradled in the Waves, The Story of a People's Co-operative Achievement in Economic Betterment on Prince Edward Island, Canada*, (Toronto, 1951) pp. 84-98.

41 CUC, Vol. 33, 1924HY: file "T".

try on the East Coast. One of the witnesses before the Commission was Moses Coady who made a considerable impact by pleading for the development of fishing co-operatives. The Commission was impressed by his submission, and within a year Coady found himself employed by the Department of Fisheries as an organizer of fishing co-ops. Partly because of his contacts in Scottish and Acadian fishing communities - contacts frequently though not entirely the result of his church connections - Coady was an instant success as an organizer. Co-operative lobster canning factories appeared all along the coasts, small marketing co-ops developed for other varieties of sea food, and, in 1930, the United Maritimes Fisheries, a central selling and purchasing agency, was formed. Under the management of Burke McNerney of Richibucto, the U.M.F expanded steadily in the 1930's by moving into progressively more complicated forms of sea food marketing involving distant markets and bulk sales. The only serious setback, in fact, was the failure of an early attempt at uniting with the fishermen of P.E.I., a failure largely explained by personality conflicts and traditional rivalries.⁴²

The success with the fishermen led Coady and Tompkins to spark the creation of an Extension Department at St. Francis Xavier in 1930. Rather quickly, the Department perfected a technique - the study club - to take the university out into the community. A study club, while started by extension workers, was devoted to specific local problems that would be considered at study sessions held weekly, usually in members' homes. The basic approach was to gather together between ten and twenty neighbours, define a problem or perhaps several problems, and then begin a systematic study to see how the problem or problems could be alleviated. The technique was overwhelmingly successful, and by 1938, 1100 study groups involving over 10,000 people had been organized.⁴³ In total, these groups found many ways of resolving their solvable problems but, not surprisingly, they more often than not turned to co-operative action to meet their needs. As a result, the Extension

42 See J.T. Croteau, *Cradled in the Waves*, p. 86.

43 A. B. MacDonald to R. MacDonald, May 31, 1938. Extension Department files. St. Francis Xavier University: "A. B. MacDonald - General Correspondence, 1938."

Department helped to stimulate the development of numerous kinds of co-operatives: aside from the stores already mentioned there were co-operative housing developments, co-operative libraries, new co-op marketing organizations, and credit unions. In fact, wherever a need appeared, it seemed, the Antigonish movement had a co-operative solution for it.

The most important kind of co-operative started by the Antigonish movement during the thirties was the credit union. As in so many other cases, Tompkins was the original instigator. He had watched the development of the American credit union movement since the early 1920's and, in 1931, prevailed upon the organizers of the Rural Conference to have Roy Bergengren of the Credit Union National Association, present an address on the value of co-operative credit societies. Within a year a credit union act had been passed, and in 1933 the first credit union was formed in Nova Scotia. Co-operative banking spread rapidly thereafter: by 1939 there were 148 in Nova Scotia, 68 in New Brunswick, and 37 in Prince Edward Island.⁴⁴ In 1938 and 1939 Credit Union Leagues, much like their American counterparts, were formed in the three provinces and within two years the Nova Scotian League had joined the Credit Union National Association in the United States.⁴⁵ Not all credit union members, however, agreed with the American connection and, starting in the late thirties, nationalist groups began to press for a distinctly Canadian credit union national organization. The Acadians began even earlier – as soon as the credit union movement arrived – and as a result developed their own credit union central and insurance company during the late 1930's.⁴⁶

With the growth of credit unions, the emergence of the United Maritimes Fishermen, the expansion of what were really two store movements, and the rapid development of several farmers' marketing co-ops, the co-operative movement was an important component of Maritime life by the mid-thirties. A co-operative theorist, confronted by all this activity would probably have ex-

44 *Extension Bulletin* (February 3, 1939), p. 8.

45 See Canada, *Report*, Royal Commission on Co-operatives (1945) p. 445Off.

46 Interview, Martin Ugere, February, 1974.

pected a considerable degree of integration and joint action. But, he would have been wrong. The only factor that could facilitate the joint action of many aspects of the movement was the Extension Department of St. Francis Xavier and especially Moses Coady. Coady, in fact, became the great inspirational leader of the Maritime movement, a man whose deep insights, magnetic personality, and common decency made the movement he led a national and ultimately international force for co-operative action.⁴⁷

Beyond Coady and the Department, however, the Maritime co-operative movement was characterized by differences among the various submovements - differences that would take years to overcome. Indeed, they would be overcome only when Maritime co-operators saw a need to unite, a need perceived at first by the Antigonish leaders and secondly, at a gradual rate, by some leaders of the various submovements. The Antigonish men believed in unity because they thought the pooling of institutional resources was no less valuable than the pooling of individual interests: joint operation would make available more capital and more expertise to be used for human betterment. Most of the co-op leaders, in contrast, viewed amalgamating forces in common projects with some suspicion and frequent opposition: creating large institutions or major projects with diverse purposes, after all, usually undermined local control, easy accountability, and secure financing. Unity also meant trying to bring together different organized groups with different purposes, a process necessarily fraught with difficulty. In short, the sense of personal responsibility and institutional loyalties the co-ops had done so much to stimulate among its leaders and members became an obstacle to their further development.

Nowhere were the undercurrents of divergent streams better demonstrated than in the efforts between 1934 and 1945 to create a common educational programme and a common wholesale for the Maritimes. The educational programme was one of the favourite projects of the enthusiasts from Antigonish. From 1930 onward, they encouraged a sense of responsibility among co-op leaders for the publication of a co-operative journal, the develop-

⁴⁷ The best introduction to Coady's personality and ideas are to be found in A. F. Laidlaw's, *The Man from Margaree* (Toronto, 1971).

ment of a co-op information and training centre, and the creation of educational institutions. In essence, what they championed was an adaptation of the Swedish brand of co-operative education whereby the educators were closely linked to the economic arm of the movement; they did not approve of the British pattern whereby the two aspects were separated as much as possible.⁴⁸

Throughout the thirties, however, they had little success in stimulating a general interest in co-operative education among co-operative leaders. Despite numerous meetings, annual co-operative summer schools at Antigonish, and constant private prodding, the Antigonish leaders did not succeed in shaking co-op leaders loose from a narrow approach to the co-operative movement. The British-Canadian co-op remained interested only in its own programmes and never joined co-ordinated, wider programmes. Similarly, the agrarian co-operatives, with the single major exception of Canadian Livestock Co-op, showed little interest in the wider movement and its development; as in the case of most agrarian co-ops in the rest of the country, they were overwhelmingly concerned about the constant battle to secure a better price for the farmer's produce.

Thus, throughout the thirties, the Antigonish leaders rather reluctantly accepted a near monopoly position in educational activities. In 1930 a Maritime Co-operative Council was formed as an educational and lobbying institution, but it virtually disappeared because of apathy and rivalries during the mid-thirties. Toward the end of the decade what remained of it was fragmented into provincial co-operative councils with relatively little power or influence. During the early 1940's these councils became transformed into provincial co-operative unions in keeping with the reorganization in 1943-45 of the Co-operative Union of Canada. Despite all the changes, however, and even though the Nova Scotia councillor co-operative union was stronger than the other two, the educational branch of the movement – aside from the Antigonish movement itself – did not prosper between 1934 and 1945. Certainly the co-operative organizations on their own never

48 See correspondence between J.A. Christie and George Keen. CUC, Vol. 101, 1940AC file "C".

developed the thrust that their Saskatchewan counterparts did during the same period.

Similarly, the drive to create a wholesale made difficult progress. In 1933 P.E.I. farmers withdrew from Canadian Livestock Co-operatives (Maritimes) because of personality differences and a desire to have their own marketing organization close to home.⁴⁹ Their withdrawal adversely affected C.L.C.'s hopes of becoming a major wholesaling organization by significantly reducing the number of individual farmers and farm organizations to be served. Meeting the needs – especially the feed needs – of the farmers who remained was not an easy task either, the more so because C.L.C. attempted to buy as much as possible from the distant Prairie co-operatives; not until the late thirties did the necessary arrangements become sufficiently developed that the smooth flow of grains eastward was possible. In fact, federal government intervention, through the Feed Freight Assistance policy, was ultimately necessary to ensure reasonably inexpensive and ultimately reliable grain sources for the Maritime farmer.

Rationalizing the purchase of other bulk needs of Maritime farmers – for example, the securing of chemical fertilizer⁵⁰ – was not an easy task either, and in general, it required a decade before C.L.C. was approaching the wholesale volume necessary for economical operation. It took an even longer length of time to secure meaningful support from the co-operative stores. In 1934 and 1935 preliminary meetings to consider an integrated wholesaling operation were held in Cape Breton and on the mainland, and in 1936 a committee consisting of A. B. MacDonald and W. H. McEwen, the manager of C.L.C., was appointed to investigate the integration of wholesaling activities.⁵¹ One year later, at a large rally at Judique, the committee reported in favour of C.L.C. becoming a co-operative wholesale for all co-op outlets in the Maritimes. Despite the reservations of leaders from the industrial co-ops, this report was accepted. In 1938 C.L.C. opened a branch in Sydney

49 W.H. McEwen. *Faith, Hope and Co-operation*. pp. 15-16.

50 See W. H. McEwen. *Faith, Hope and Co-operation*, pp. 37-49.

51 Minutes. Meeting on Wholesale. East Bay, 8 June 1938. S.F.X. Extension Files: "A. B. MacDonald - Co-ops Meeting on Wholesaling 1938."

to serve the industrial societies, but almost immediately the local co-ops became dissatisfied because they seemed to have little control over its operation. Within four years, the resentment led the co-ops to form the Cape Breton Co-operative Services, a wholesale that by 1943 had taken over C.L.S.'s Sydney branch.⁵² Nearly twenty years would elapse before the two organizations would come together again.

The inability of C.L.C. to bring about an integrated wholesaling system and the difficulties that plagued efforts to organize widely-supported educational institutions were not so much condemnations of the individuals involved as they were inevitable consequences of the fundamental nature of the Maritime co-operative movement. The region's co-operators had organized significant institutions that were playing increasingly important roles, locally, regionally, and even nationally;⁵³ they had also produced one of the most creative wings of the Canadian movement - the Antigonish movement - and in Moses Coady they possessed perhaps the most profound Canadian co-operator. But the Maritimers had also produced a movement that was subdivided into several different aspects, a movement that had many different organizations and many different purposes. In short, the coherent philosophy of the men from Antigonish should not be taken to mean that Maritime co-operators as a group were a united and harmonious whole. They were, in general, men who had created successful organizations and then were, for a while at least, entrapped by those same organizations.

52 See R. J. MacSween, "A History of the Nova Scotian Co-operative Movement," section on "Co-operative Wholesales."

53 By 1945, there were 25 co-operative societies in Prince Edward Island, 83 in Nova Scotia and 41 in New Brunswick. They had a total membership of 36,000, were selling \$12,000,000 in produce, and were buying \$10,000,000 in supplies. *Co-operation in Canada*, 1945 (Ottawa, 1946). The credit union movement was expanding even more rapidly, with close to 150 formed in the three provinces.

Selected Borrowings: The American Impact upon the Prairie Co-operative Movement, 1920-39¹

PRAIRIE PROTEST HAS been a prominent part of Canadian life since Confederation. Over the years it has gone through several stages,² but beneath the changes has rested a remarkably consistent set of grievances. Indeed, listing the complaints has become something of a refrain for politicians, editorial writers, novelists, and academics. High freight rates, excessive bank charges, railway discrimination, indifference in Ottawa, unfavourable tariffs, manipulation of natural resources – the list is well known to all students of Prairie regionalism. So too are the movements sparked by some or all of these grievances – the rebellions of 1870 and 1885, the agitation for provincial status, the radical labour movements, the agrarian unrest, the Progressive party, and the new parties of the 1930's.

This rich tradition of protest has long attracted the attention of historians, and consequently a rich historiography has developed. As might be expected, the frontier thesis played an important role in earlier studies, and such historians as W. N. Sage, F. H. Underhill, and A. R. M. Lower for a while at least found this avenue useful.³ G. F. G. Stanley, focusing on the rebellions, adapted the

¹ In general the field of Co-operative Studies is over-impressed by borders, provincial, state, and national. The reasons are simple: co-ops tend to be organized within such boundaries and researchers tend to think within such constructs as well. This approach, however, as this paper tries to demonstrate, is misleading, and cross-boundary relationships are very important to understand in any co-operative movement. It is reprinted with permission from *The Canadian Review of American Studies*. It first appeared on its pages in the Fall of 1979, pp. 137-52.

² For an interpretation of these changes see W. L. Morton, "The Bias of Prairie Politics," *Proceedings and Transactions, Royal Society of Canada* (1955), pp. 57-66.

³ See W. N. Sage, "Some Aspects of the Frontier in Canadian History," *Canadian Historical Association Annual Report*, (1923); J. L. McDougall, "The Frontier School and Canadian History," *Canadian Historical Annual Report*, (1929); and J. M. S. Careless, "Frontierism, Metropolitanism and Canadian History," *The Canadian Historical Review*, 35 (March, 1954),

frontier approach somewhat and wrote about the conflict between a primitive society and a more civilized way of life.⁴ W. L. Morton, in one of the most sophisticated analyses of Prairie protest, sought for the roots of Progressivism in the historical peculiarities of the region.⁵ In more recent years, J. M. S. Careless has indirectly suggested how a concept of "limited identities" might help explain Prairie as well as other regional or localized variations,⁶ while J. E. Rea has provocatively demonstrated how an adaptation of the Hartzian thesis might explain the climate of opinion in which Prairie protest unfolded.⁷ Finally, historians interested in the political left have found much scope in looking at Prairie protest. Those sympathetic to social democracy, for example S. M. Lipset and W. D. Young,⁸ have found ample rewards for their study, seeing in the Independent Labour Party and the C.C.F. examples of a moderate international socialist movement. In contrast, those influenced by Marxism, such as C. B. MacPherson,⁹ have been less enthusiastic, usually seeing in Prairie revolt only the confused posturing of petite bourgeois farmers and merchants.

All of these approaches have added to our understanding of Prairie regionalism and its periodic outbursts. Curiously, though, they have not produced a systematic study or satisfactory explanation for the emergence of the co-operative movement in the Prairie west. Indeed, the only studies and they are necessarily limited in scope have come from economic historians such as H. A. Innis or V. C. Fowke, who have been interested in the grain trade as a staple.¹⁰ This omission is startling because it can be argued that

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4 See H. Bowsfield, *Louis Riel* (Toronto, 1969); G. F. G. Stanley, *Louis Riel* (Toronto, 1963), and *The Birth of Western Canada* (London, 1936).

5 See W. L. Morton, *The Progressive Party in Canada* (Toronto, 1950).

6 J. M. S. Careless, "Limited Identities in Canadian History," *The Canadian Historical Review*, (March, 1969), 1-10.

7 J. E. Rea, "The Roots of Prairie Society," in D. G. Gagan, ed, *Prairie Perspective I* (Toronto, 1970), pp. 46-57.

8 S. M. Lipset, *Agrarian Socialism: The Co-operative Commonwealth Federation in Saskatchewan* (Toronto, 1950); and W. D. Young, *The Anatomy of a Party: The National C. C. F., 1932-1961* (Toronto, 1969),

9 C. B. MacPherson, *Democracy in Alberta: Social Credit and the Party System* (Toronto, 1962)

10 B. A. Innis, *The Diary of Alexander James McPhail* (Toronto, 1940); and V. C. Fowke, *The National Policy and the Wheat Economy* (Toronto, 1957).

the Prairie co-operative movement has been one of the strongest and most successful manifestations of regional discontent. Indeed, from a few small, obscure organizations at the turn of the century, the Prairie movement has grown to the point where it is a decisive factor in the marketing of agricultural products; the largest indigenous grouping in the financial and insurance sectors; an important manufacturer; the second largest retailing system in the region; and the possessor of the only major Canadian-owned petroleum refinery.¹¹ All of this development has taken place amid an emotional appeal to regional loyalties and interest; all of it has been conspicuously aimed at building up an economic and social superstructure that is distinctly "Prairie."¹²

Why this omission? Why amid the volumes that have been written about the Prairies have there been only scattered references to the co-operative movement as a distinct and important element in the region's development? One reason is that the movement has never been easy to comprehend in its entirety. It has been divided into consumer, producer, and credit organizations that have not always been united in action or outlook. These divisions have been intensified by the differing motivation of Prairie co-operators: most were drawn to co-operative organization for frankly economic reasons; a few were idealists, committed because of Marxist, social democratic or co-operative utopian ideology; and yet another small band was drawn because of the strong agrarianism many co-operatives manifested.¹³

These divisions do not adequately explain the omission, however, because, despite them, the Prairie movement has had considerable unity and has been able to launch numerous joint programs. Moreover, even the most superficial analysis demonstrates a mingling of personnel and a sharing of assumptions among co-operative institutions within each province and across

11 For statistical summaries and general descriptions of the movement, see *Co-operation in Canada*, published annually by the federal Department of Agriculture, and *Co-operatives Canada*, published annually by the Co-operative Union of Canada.

12 For a more detailed summary of the development of the Prairie movement see I. MacPherson, *The Co-operative Movement on the Prairies* (CHA Pamphlet, 1979).

13 For a more detailed analysis of these differences see I. Macpherson, *Each for All, A History of the Co-operative Movement in English Canada, 1900-1945* (Toronto, 1979).

the region.¹⁴ A more fundamental reason is that the distinctive assumptions of co-operative activity have been difficult for Canadian historians to accept within their traditional terms of reference. In that context, the omission in Prairie historiography replicates the reason why co-operative movements have been outside the mainstream of not only Canadian but also American views of themselves, their past, and their future.

In his thought-provoking books,¹⁵ Lawrence Goodwyn has argued that the late nineteenth-century Populist outburst in the United States produced a co-operative impulse that cannot be understood in terms of the usual capitalist or socialist viewpoints. According to him, Populists, especially southern Populists, envisioned the creation of a new society based on decentralized political and economic institutions, direct democracy, and a co-operative ethos. The main innovation that the Populists ultimately relied upon was the subtreasury system which would take financial power away from the banking establishment and give it to the people. Armed with this weapon, the Populists developed a movement culture that in fact promised to build a society radically different from those most readily envisioned by modern Americans. Their movement failed, however, and now there seem to be only two alternatives: an essentially corporate society dominated by large corporations and characterized by a creed of progress and an obsequious citizenry; and an essentially socialist perspective advocating the predominance of state power. In short, the Populist movement represented a different image of how the nation could

14 Within provinces the most obvious examples of co-ordination or uniting forces were the creation of central marketing organizations and wholesale and credit union centrals (organized in the 1940's and 1950's); the development of co-operative unions or councils; the launching of joint educational programs; and the sponsoring of co-operative journals. Across the region the most important developments in the 1920's and 1930's were the development of regional marketing organizations, the sponsoring of educational activities, the pooling of orders for farm supplies and the organization of submissions to governments. Afterwards, in the 1940's and 1950's Prairie co-operatives united to develop a co-operative implement factory, insurance companies, a trust company and a regional co-operative wholesale. See J. Travena, *Prairie Co-operation* (Saskatoon, 1976); I. Macpherson, *The Story of C.I.S.* (Saskatoon, 1974) and *A History of Co-op Trust* (Saskatoon, 1979).

15 L. Goodwyn, *Democratic Promise, The Populist Moment in America* (New York, 1976) and *The Populist Moment* (New York, 1978).

have developed, an image that has been increasingly blurred and ignored in the twentieth century.

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The co-operative movement in Canada has had a similar difficulty in being interpreted on its own terms. Though it is a complex movement influenced by regionalism, socialism, ethnicity, religion, agrarianism, and a concern for economic improvement, it has demonstrated a degree of ideological commitment and a distinct point of view.¹⁶ In essence, the movement has been characterized by four main ideas: 1) that ordinary citizens should control the organizations that produce and distribute consumer goods; 2) that all citizens must be constantly educated so that they will intelligently participate in a wide range of social and economic activities; 3) that modern society must have an ethical concern about its economic relationships; and 4) that democratic forms must be developed for all of the major spheres of human activity.¹⁷ These ideas led some idealistic co-operators to dream of a “co-operative commonwealth” based upon production for use, decentralized control and individual responsibility.¹⁸

Within Canada, the Prairies developed the nation’s strongest regional movement. The crucial decades for the establishment of this movement were the 1920’s and 1930’s. In these years, the movement developed its broad economic program, building upon ideas gathered from Europe and the United States and upon the clearly demonstrated needs of Prairie people. There had been significant co-operative marketing systems before World War I,

16 For a more complete summary of these ideas, see I. MacPherson, *Each for All*.

17 For the emergence of these ideas see I. MacPherson, “The Origins of the Canadian Co-operative Movement,” *C.H.A. Historical Papers*, (1972), pp. 207-25.

18 The “co-operative commonwealth” was envisioned by a small but significant number of Prairie co-operators. It was particularly popular as an ideal among British immigrants within the consumer movement, but the concept had a strong appeal among some producer co-operators as well. For example, see *The U. F.A.* in the early 1930’s and *The Western Produce*, throughout the decade.

but it was the advent of the pooling system in the early twenties that ensured the stability of co-operative marketing. During the twenties, too, the consumer stores matured to the point where they could develop wholesales which in turn provided financial reserves, advisory services and ideological commitments.¹⁹ During the 1930's the credit union arrived on the Prairies, intricately tied to the other aspects of the movement. Though weak at first, the credit union represented the beginnings of an attempt to regulate the financial sector in the interests of the region and the co-operative movement.²⁰ In time, this broad interest in the financial sector would culminate in the creation of insurance and trust co-operatives as well. Finally, during the thirties, the Prairie movement, through the development of a refinery, the ownership of a flour mill, the purchase of a lumber mill, and the organization of a farm machinery co-operative, began to enter into manufacturing.²¹ A broad economic program for the region, based on co-operative premises, had emerged.

These economic initiatives were built upon a stable educational base. The Prairie movement had strong periodicals, notably *The Western Producer*, *The Scoop Shovel*, *The U.F.A.*, *The Western Farm Leader* and, to a lesser extent, *The Grain Growers' Guide*. It had determined social activists, especially the leaders of the consumer movement and the wheat pool field men. It had effective local organization through wheat pool committees, stores and, ultimately, credit unions. In the twenties and thirties, too, the movement was intricately tied to adult education, a priority for those decades when so many had spent only a few years in formal education.

The economic and educational programs had many objectives in view. On an individual level, they sought to give ordinary people the opportunity to control the fundamental economic

19 See J. F. C. Wright, *Prairie Progress, Consume, Co-Operation in Saskatchewan* (Saskatoon, 1956), pp. 66-72 and I. MacPherson, "The Co-operative Union of Canada and the Prairies in the 1920's," in S. Trofimeskoff, *The Twenties in Western Canada* (Ottawa, 1972), pp. 50-74.

20 See M. Clements, *By Their Bootstraps, A History of the Credit Union Movement in Saskatchewan* (Toronto, 1965).

21 See J. Trevena, *Prairie Co-operation* and J. T. Phalen, *Co-operative Leadership: Harry Fowler* (Saskatoon, 1977).

institutions that dominated their lives. In that sense the movement promised to counteract the economic power of corporations based in Winnipeg, Vancouver, Toronto and Montreal. In 1936 A. C. Ellison, mayor of Regina and president of the Regina co-op, indicated the power of these ideas when he spoke to the Provincial Conference of Co-operative Organizations:

Political power had been found necessary formerly to enable the masses of the people to preserve their liberty. In view of the evolution which had taken place in industry, with individual mergers, corporations and other financial units, power now resides largely with industry. It, therefore, follows that if people desire to govern themselves they can only do so through the co-operative movement. By doing this it would be possible for them to regain the power of self-government which had been threatened due to the large scale concentration of power which had taken place in industry.²²

Within agrarian circles, the movement achieved considerable significance, becoming an important part of rural culture, especially during the 1930's. The model for the total Prairie farm co-operative movement was Denmark, where, it was reported in *The Western Producer* during 1932, "The farmer buys his necessities at his cooperative store; he borrows money and places his savings in a co-operative bank; his fertilizer, fodder, seeds, etc., he obtains from co-operative buying and import associations, his cement from his co-operative cement factory, his electricity from a co-operative power plant. He delivers his milk to the co-op dairy, his pigs to the co-op slaughterhouse, his eggs to the Danish Coop Export Board, his cattle to the Cattle Export Board."²³ This program of a complete, integrated co-operative system for rural areas would fascinate co-op leaders throughout the decade and beyond.²⁴

Planning the ultimate co-operative commonwealth, however, was not easy; the final goal was never specified. Rather co-operation was a technique and an outlook. It was "not a fixed, inelastic

22 Report of Conference, Co-operative Union of Canada Papers (henceforth C.U.C.), Public Archives of Canada, vol. 170, 1936 MS: file "Saskatchewan Section."

23 *The Western Producer*, June 16, 1932, p. 8.

24 The breadth of vision is perhaps best seen in T. Phalen, *Harry Fowler* (Saskatoon, 1976). For a summary of the major changes, see J. Trevena, *Prairie Co-operation* (Saskatoon, 1976).

or final form of economic activity. It has adapted itself to changing circumstances in the past, and its own numerous activities and enterprises have varied with changes in the whole capitalistic structure."²⁵ Even more it was an outlook. John T. Hull, one of the most important publicist for the movement, wrote in a pamphlet on co-operative education in 1928:

Co-operation is the antithesis of the capitalist system and the co-operator who is afraid to say without equivocation that he is out to build a new order of society by the instrument of voluntary association, has not learned the lesson of co-operation. And the building of a new order of society demands a new outlook on life. The development of a new outlook on life is the purpose of co-operative education, and that does not mean simply the dissemination of knowledge. At the bottom co-operation is not an intellectual process; the principle of mutual aid runs through all the evolution of life and co-operation was practiced aeons before it became an idea. Co-operation is primarily a feeling, an inclination, a passion, and co-operative education should be directed towards giving intellectual support to the passion. The co-operator must have not only the desire for knowledge, but a passion for social justice; he needs not only light but warmth. We have to develop both intelligence and character.²⁶

The sources for this complex if rather vague outburst are diverse. Undoubtedly, the main impetus came from the common acceptance of the regional viewpoint that eastern domination lodged in governments, companies, and banks had to be diminished. The possibilities were indicated by the power achievable if farmers could organize their marketing and purchasing activities. The comprehensive nature of the movement was suggested by the promise of a co-operative credit system: ultimately, it was projected, ordinary Prairie people would be able to develop financial institutions to meet their own credit needs and to fund their co-operative enterprises.²⁷ The emotional dimension was provided by

25 *The Western Producer*, June 23, 1932, p. 7.

26 J.T. Hull, *Co-operative Education* (Winnipeg, 1928), p. 5. This pamphlet was reprinted several times in Canada and at least once in the United States by Midland Co-operative Wholesale, Minneapolis.

27 An editorial in *The Western Producer*, (September 15, 1932) indicated the growing interests in financial matters. It said, in part, "Co-operators believe that finance should be the servant of industry instead of its master. Similarly, industry ought to exist to satisfy

the dream of a co-operative commonwealth in which economic democracy and social egalitarianism would supplement political democracy.

Ideological perspectives and practical experiences came from a variety of sources, not least of which was the long experimentation with co-operative enterprise in Canada.²⁸ Europe too provided its examples, British and Scandinavian immigrants being especially significant in bringing with them knowledge of the well developed co-operative movements in their homelands. Indeed, in the 1920's the Prairie movement went through something of a British phase, when many of the leaders of both the consumer and marketing organizations were British immigrants. Significantly, the British impact generally reflected the commitments of the British movement in the late nineteenth century, when, under the influence of George Holyoake, it had embraced a commitment to broad reform.²⁹ In the 1930's, however, this British phase started to recede as new leaders, most of them native, assumed control.

II

The American impact was also important. In the early twenties Prairie farmers were in the process of working out their own appropriate forms of co-operative activity. In the wheat economy the co-operatives created in the first thirteen years of the century – the United Grain Growers and Saskatchewan Co-operative Elevator Companies – had come under attack. They were charged with being insufficiently co-operative; the U.G.G., because its structure did not allow for dividends, and both co-operatives because of their allegedly aloof management methods. American precedents formed one important source for ideas in these attacks. There had been many farm co-operative experiments in the United States by the 1920's, and some of them had achieved impressive propor-

human wants rather than ruling over human life." See also T. Phalen, *Harry Fowler*, pp. 117-32.

28 See I. MacPherson, *Each for All*, Chapter II.

29 See P. Backstrom, *Christian Socialism and Co-operation in Victorian England* (London, 1974).

tions. Significantly influenced by European co-operatives, but even more reacting pragmatically to needs as they were perceived, the Americans had shown considerable ingenuity in applying co-operative techniques to all kinds of commodity marketing. By 1920, American farmers had successfully developed societies among dairymen, grain growers, livestock producers, cotton growers, tobacco growers, fruit producers and vegetable marketers.³⁰ Moreover, the American co-operatives were, legally speaking, increasingly more in keeping with conventional “Rochdale” principles, thus encouraging Canadian co-operators in their Rochdale-influenced criticisms of the U.G.G. and Saskatchewan Co-op.

But even more, the experiences of American co-operatives encouraged criticisms of the two Canadian companies by raising in a new way the issue of commodity control. Most of the early large American marketing societies had started, like their counterparts to the north, with the main objective of improving the mechanisms of marketing: their original concern lay primarily with reducing the role of middlemen; with providing adequate transportation facilities; with providing marketers with as fair returns as possible; and with pleading their members’ case before governments and public bodies. As in Canada, they were successful in achieving these rather limited objectives. But, increasingly, such successes were inadequate: the demands of farmers changed as their experience in joint marketing grew. As the years went by, more and more American farmers saw that by controlling the actual sale of their commodities, they could frequently avoid disastrous falls in income caused by bad grading practices or by the dumping of commodities: crops could be carefully graded and then, when possible, stored for release at optimum times, the charges for these activities being distributed equitably among participating producers.

The value of this “planned” method of selling commodities – perhaps the most important feature of what became called “orderly marketing”³¹ – was demonstrated vividly before the war

30 See J. G. Knapp, *The Rise of American Co-operative Enterprise: 1620-1920* (Danville, 1969), pp. 215-306.

31 For a stimulating discussion of this complex concept, see V. C. Fowke, *The National Policy*

by the California Fruit Growers Exchange.³² The Exchange, made famous by its "Sunkist" brand, provided its members with up-to-date marketing information as a means of avoiding a "glut" on the market. Just as importantly, through concerted advertising, strict attention to the grading of the commodities it sold, and a carefully-planned education program among members, the Exchange, within a few years, remarkably influenced the marketing of citrus fruits. By 1920 the success of the California Exchange had been broadcast throughout North America as a result of its own publicity efforts and of the numerous descriptions published in the agrarian press. The imitative projects resulting from this publicity were almost instantaneous: grain growers, dairy producers and various specialty co-operatives patterned their programs after the Exchange as much as possible, and the broad interest of farmers in all aspects of marketing grew rapidly.

The Canadian interest in the Exchange and its imitators emerged as early as 1910,³³ but it picked up momentum in 1919 and 1920. Its story was carried northward by such American periodicals as the *American Co-operative Journal*, from 1911 onward the most prominent voice of American co-operative marketing. It was also brought to Canadians by *The Grain Growers' Guide*, which, starting in 1919, regularly sent a reporter southward to find out about the rapidly changing American movement. And, finally, there were numerous formal and informal contacts between Canadian (especially Prairie) and American farmers. The executives of regional or local as well as national farmers' associations on both sides of the border met frequently from the end of the war onward. Inevitably, they discussed at length the co-operative marketing programs then fundamentally altering American agriculture.

Perhaps the aspect of the American movement that most impressed Canadian observers was the amount of centralization implied by the system started by the California Fruit Growers Exchange. The Exchange was a federation in which the locals and the district executives, had definite, important responsibilities, but the

and the *Wheat Economy* (Toronto, 1973), pp. 221-23.

32 See Knapp, pp. 237-72.

33 See *The Guide*, especially student essays in various issues of 1910.

central's outstanding commercial success in improving the grower's marketing position naturally attracted the most attention. Thus many of the imitators tended to emphasize strong central organizations that would control the entire marketing process as much as possible. This was particularly the case when the pooling principle became widespread in American marketing co-operatives, a development that grew spontaneously out of the farmers' efforts to influence all aspects of the marketing of their commodities.

The origins of the pooling technique are nearly as difficult to ferret out as are those of the co-operative movement itself. In the United States and apparently in Canada, some of the dairy co-operatives in the late nineteenth century operated on what became known as the pool method.³⁴ The fruit-marketing co-operatives organized in both countries before the war had similar features, as did some of the fruit-marketing societies in Europe. But, whatever the complex roots of the movement, by 1920 pooling as a principle had developed specific characteristics of great interest to many farmers. Briefly, pooling meant that all producers of a single commodity would band together in one central organization that became responsible for the marketing of that commodity. The central organization would be organized on a non-stock, non-profit system of control by members; it would be interested in all phases of marketing; and it would undertake extensive educational and informational programs for its members. All members would be required to commit themselves for a fixed time (usually five or seven years) to marketing through the pool all they produced in the commodity concerned. The price returned to the member would vary according to the quality of commodity produced by each grower, the return distributed annually, usually through three payments from the central to the grower. Anxious to place the maximum return in the hands of growers as soon as possible, most pools made high initial payments, followed by modest interim and final payments. It was a simple yet effective system that served farmers well as long as pool executives were operating in a

34 S.W. Yates, *The Saskatchewan Wheat Pool, Its Origin, Organization and Progress, 1924-1935* (Saskatoon, 1947) pp. 11-12.

stable market that permitted reasonable evaluations of what payments, especially what interim payments, should be made.

The agitation for grain co-operatives on a pooled basis became irreversible in 1923 and 1924. Three factors accounted for the remarkable organizational outbursts of those years, the first being the inability of the Progressive movement to provide adequate protection for the farmers' interests. Many farmers, following the political disruptions of the war period, had placed great hopes in their own political movement; by 1923, and despite the continuing success of the U.F.A., a growing percentage were becoming dispirited, their disappointment caused by the disintegration of the Ontario and national movements. Second, the 1922 and 1923 crops, both sold in open markets, were nearly disastrous. The average price of No. 1 Northern wheat, basis Fort William, plummeted to \$1.08 in 1923, a catastrophic drop from the 1920 high of \$2.51.³⁵ The return of "dollar-a-bushel" wheat could not have come at a worse time: the cost of farmers' supplies was increasing steadily, debts built up during more prosperous periods were coming due, and world markets were declining in the midst of a general depression. Third, there arrived in the west Aaron Sapiro, the spellbinding proponent of co-operative action who had organized several marketing co-ops in the United States. He was, according to some who saw him, "one of the greatest evangelists the west had ever seen."³⁶

Sapiro, a native of Chicago, had been involved in co-operatives in California since 1911. He had become a strong advocate of farmers' pooling their produce on a single commodity basis and selling through a powerful central organization; in some ways, he may even have originated the idea.³⁷ He played an important role in the development of the Sun Maid Raisin co-operative, the California Fruit Growers Exchange and the Oregon Growers Co-operative. Throughout the early twenties, his main contribution to the movement was a series of tours in which, through flurries of splendid oratory, he preached the value to producers of large-scale

35 Fowke, p. 200.

36 Interview, F. H. Underhill, June, 1967.

37 See Knapp, p. 479, n. 35.

co-operative selling on as wide a geographic base as possible. He pleaded consistently for unity among producers of commodities; for flexibility in the timing of the sale of produce; and for integrated community support for the marketing organization. Sapiro was not a co-operative utopian; rather, he was a pragmatic marketing advisor attempting to establish through combination a strong position for producers. He believed that the bankers, local businessmen and railways long suspect by farmers, could be effective, even necessary allies. Thus, Sapiro's campaigns approximated crusaders enlisting the support of entire communities for co-operative action.

The most important tours Sapiro made in Canada occurred in 1923 and 1924. Originally invited north by British Columbia dairymen in 1922, he was brought to Alberta by the *Calgary Herald* to speak to grain growers; from there he was invited to come to Saskatchewan. Sapiro said little that was new: the kernel of his thought had long since reached Canada; it was more how he presented his message. His enthusiasm, his capacity to think positively, and his magnetic personality were just the catalysts required in an already well-conditioned environment. Sapiro's message partic-



Aaron Sapiro on a platform in Saskatoon. Behind him are notables from the city and province, a key aspect of his presentations – and a controversial one for more militant farmers.

ularly aided the critics of the old companies, men who had been critical of the slowness of the old leadership; his call for immediate action gave them an opportunity that they immediately seized. And, though a few wily old veterans, like H. W. Wood, perhaps the most astute and most adaptable of the 'first' generation of leadership, were able to play a significant role in the development of the pools, most of the dominant figures in the pooling movement were new participants in what became suddenly a mammoth economic and social activity.

Success for the pools was inevitably tied to control over production: the more control, the more success could be achieved. Following American precedents, the Prairie pools were predicated upon an assumption that control over sixty per cent of the commodity being marketed would be sufficient to influence if not set price. Less than that percentage, it was believed, would allow the open market to dominate, thereby restricting the power potentially available to the pools. Gaining sixty per cent sign-up, however, was an immense task among traditionally independent farmers. Thus, only Alberta, because of the highly developed occupational consciousness of its farmers, was able to sign up enough of them to start business with the 1923 crop. The other two Prairie provinces required an extra year, their agrarian movements being more divided by institutional, ideological and personality conflicts. Within three years the three pools controlled over forty per cent of the Prairie grain crops. They had also helped to stimulate support for pooling among all kinds of farmers, and pools emerged among livestock, dairying and poultry producers.³⁸

These developments, remarkable as they were, did not mean that Sapiro and "the American system" completely overwhelmed the Prairie producer movement. Prairie farmers in general did not accept all of the American program, nor did they admire all that Sapiro stood for. Many were suspicious of Sapiro's emphasis upon forming alliances with banks, railway companies and private traders, and they rejected his suggestion that the new organizations concentrate only upon marketing. Even more importantly, they were suspicious of Sapiro's emphasis upon centralized control, an

38 See I. MacPherson, *Each for All*, Chapters IV and V.

approach that he had stressed when organizing American tobacco growers and grain producers.³⁹ Instead, the majority of Prairie producers preferred decentralized control and strong delegate systems. This difference was again demonstrated in 1927 and 1928, when Sapiro returned to Saskatchewan to lead the struggle for compulsory marketing (the “100% pool”): he was unsuccessful, largely because a significant percentage of farmers and the governments concerned preferred a voluntary system on a co-operative basis.⁴⁰ In short, the co-operative marketing institutions of the Prairies were organized so that control could lie in local communities and so that a commitment to “grass roots” democracy and a widespread social concern would be maintained.

This more “democratic” thrust was mostly the result of a natural emphasis on localism and of the impact of European co-operative thought, but it was also partly derived from American experiences. During the 1920’s especially, there was a strong reaction in American co-operative circles to Sapiro’s centralist ideas.⁴¹ Many American co-operators were not sympathetic to Sapiro’s program even though by 1924 it had swept much of American agriculture. Opposition came from groups steeped in the Rochdale system of co-operation, with its emphasis upon local control and federated structures. These groups undermined the commodity pooling approach, in the process uncomfortably abetting aroused private dealers and conservative businessmen – like Henry Ford – who feared the growth of co-operative enterprise. The federated approach found particular strength in Minnesota and from there reinforced Canadian viewpoints. It was also preferred by the American Department of Agriculture and, in general, by the American Institute of Co-operation. The latter organization, which was formed in 1924, was developed to examine many of the uncertainties that had emerged in the wake of the commodity mar-

39 See W. C. Good to F. M. Clement, March 1, 1924. W.C. Good Papers, Public Archives of Canada, Vol. III, file “Correspondence 1924 AD”; George Keen to Mrs. L. Fosberry, September 12, 1923, *ibid.*, Vol. VI, file “Correspondence 1923 GK”; W.A. Innis, *The Diary of A. J. McPhail*.

40 See S. W. Yates, *The Saskatchewan Wheat Pool, Its Origins, Organization and Progress, 1924-1935*, ed. Arthur S. Morton (Saskatoon, [n.d.]) and Innis, *McPhail*.

41 See Knapp, pp. 72ff.



“The Wheat Pool Cartoon”
Source: The Grain Growers’ Guide

keting campaigns and to promote greater unity among American co-operatives. Ultimately, by emphasizing better organizational methods and by stressing more member responsibilities, the Institute reflected concerns similar to those that Prairie farmers had shown when the “Sapiro cyclone” had hit the Prairie West. Perhaps for that reason, the Institute, its meetings and publications, had a significant impact on the Prairie movement.

The bias toward what was called “democracy” was also demonstrated in how Prairie people reacted to the American co-operative consumer movement. Before World War I, the Rochdale rules of co-operation – essentially, one member-one vote, distribution of surpluses according to participation, membership control, an educational emphasis, and open membership – had not been well understood in the United States. Thus, while some consumer co-operatives struggled on independently, faithfully following Rochdale rules, more flamboyant, questionably-based efforts appeared. These large experiments, such as the stores sponsored by N. O. Nelson in Louisiana, the Right Relationship League, the Society of Equity, the American Co-operative Union, the Co-op-

erative Wholesale Society of America, the Co-operative Central Exchange, and the Farmers' Exchange, were not all successful.⁴² Indeed, for each success there seemed to be an even more notable failure. Publicity about these failures, spread by opponents of the co-operative movement, was carried throughout the American and Canadian West, making further organization difficult. The "American approach," too, was rendered suspect after the failure of two projects on the Prairies, one started by the Alberta Society of Equity and the other by some co-operators in and around Broadview, Saskatchewan. Indeed, after these collapses, which occurred, respectively, in 1907 and 1914, the Prairie consumer movement tended generally to think of its American counterparts as being essentially "top-down" in approach, and too centralized to be truly co-operative. Thus, by the 1920's, the stores in the Canadian West were essentially independent of strong American influences. They were distinctly nationalist in tone, though until the mid-1930's their leaders were frequently inspired by the British movement with its strong, federated system of consumer co-operation.

In the middle of the Depression, however, one element in the American consumer movement did have a considerable impact. Significantly, it came through the publications and leadership of the Co-operative League of the United States and not from the stores associated directly with farm groups. The League, led since its inception in 1915 by J. P. Warbasse, was characterized by a strong idealism.⁴³ Heavily influenced by Charles Gide, a French co-operative leader, and by George Holyoake, the most important nineteenth-century British theorist, Warbasse believed that the co-operative commonwealth would ultimately emerge through the co-operative store. He envisioned a society in which the consumer would control production and distribution generally and

42 See *Co-operative Union of Canada Papers. Public Archives of Canada, vols. VIII-XXIII, passim*, for letters on these organizations and their impact on Canada. See Knapp for discussions of the development of these organizations in the United States.

43 See J. P. Warbasse, *Three Voyages* (Chicago, 1956); C. A. Chambers, "The Co-operative League of the U.S.A., 1916-61: A Study of Social Theory and Social Action," *Agricultural History*, 36 (April, 1962), 66. Warbasse's book *Co-operative Democracy*. (New York, 1923), which went through four editions was a standard reference work and a popular item for co-operative lending libraries throughout the late twenties and 1930's.

in which the state and producer dominance would ultimately fade away. His powerful statements on behalf of the consumer movement were appreciated by the leaders of the Prairie stores, especially those in Saskatchewan. His perspectives were useful because, along with similar arguments from European leaders, they helped to legitimize the cause of consumer co-operation. This cause was particularly important in the Prairie movement because it was the main carrier of a broad commitment to co-operative action. Indeed, one striking accomplishment of the late twenties and the Depression years was the maturing of the Prairie consumer movement. Though not as powerful economically as the producer wing, it was able to achieve stability and to gain its own share of the crucial farm supply and petroleum markets. At the same time, it maintained good relations with the producer movement, an accomplishment to some extent helped by the ideas of the left wing of the American co-operative movement.

This same emphasis upon a selective borrowing from American developments was also evident in the emergence on the Prairies of a co-operative credit system. Ironically, when English-speaking Canadians learned about credit unions from Americans, they were learning about a movement that had been explained to Americans by French-Canadians. Alphonse Desjardins had brought the credit union (or *caisse populaire*) movement to Québec in 1900. From there he had helped introduce it to New England in 1908. Under the Credit Union National Extension Bureau and subsequently the Credit Union National Association, credit unionism had spread across much of the United States. As it grew, the American credit union system developed a crisis of identity, one aspect of which was whether or not credit unions were co-operatives.⁴⁴ Significantly, this aspect of the debate over identity was beginning to appear in the mid 1930's when credit unions started to develop on the Prairies.⁴⁵

44 See J. C. Moody and C. F. Fite, *The Credit Union Movement, Origins and Development, 1850-1970* (Lincoln, 1971) for a concise history of the American movement.

45 There were earlier credit unions formed by francophone and Jewish settlers on the Prairies, but they had little or no impact on the English-speaking majority.

There was no doubt about which side the evolving Prairie credit union movement took in this unfolding debate.⁴⁶ Most of the organizers of credit unions came from co-operative circles; one of the main reasons for developing a credit union system was the hope that it would provide investment funds for growing co-operative institutions and credit unions shared with other Prairie co-operatives a determination to enhance the region's economic and social independence. This integration of credit union with other co-operative activities was also encouraged by co-operative leaders from Atlantic Canada. Nova Scotia co-operative circles had embraced credit unions early in the 1930's. By 1936, their leaders, notably Moses Coady and A. B. MacDonald, were touring the West advocating an integrated co-operative movement. They too had borrowed back the idea of credit unions, but they had integrated that idea within their own strong co-operative outlook.⁴⁷ Ultimately, this concern for co-operative unity along with nationalist feelings would lead, in the 1940's and 1950's, to a division between much of Prairie credit unionism and the American movement. It was a division caused in part, too, by the fact that the American Credit union movement generally separated itself from the wider co-operative movement.

This selective borrowing from American co-operative circles in credit unions, consumer co-operation and marketing philosophy played an important though hardly determining role in the Prairie movement. It reinforced the perspectives and the methods that characterized the regional movement and became an undercurrent in the flowering of Prairie co-operatism in the 1920's and especially the 1930's. The latter decade was particularly important because, despite the adversities of the decade, the Prairie movement made considerable progress. The pools stumbled, but recovered to discover new determination; there were new initiatives – in credit unions, a farm machinery co-operative, insurance programs, the

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

47 See A. F. Laidlaw (ed.), *The Man from Margaree, The Writings and Speeches of M.M. Coady* (Toronto, 1971) and I. MacPherson, "Patterns in the Maritime Co-operative Movement," *Acadiensis*, 5 (Autumn, 1975), 67-83, and "Appropriate Forms of Enterprise: The Prairie and Maritime Co-operative Movements, 1900-1955," *Acadiensis*, 8 (Autumn, 1978), 77-96.

beginnings of manufacturing, co-operative health programs, extensive educational activities and new provincial central bodies; and there was a deepened commitment to building a distinct co-operative system. In all of these developments the American experience – despite the problems of American co-ops in the thirties⁴⁸ – was both a foil and a contributor.

The ability of Prairie co-operators to draw upon the lingering idealism in the American movement suggests that Goodwyn's "democratic movement" did not die with the Populists. Prairie co-operators in the 1920's and 1930's found strains of the old co-operative idealism among their American contemporaries. These strains, coupled with similar notions drawn from European co-operative circles, helped Prairie co-operators to fashion their own movement appropriate to their own environment. In short, the search for a consensus different from either capitalism or socialism continued despite the homogenizing forces of the twentieth century. On the Prairies, that search, with selective borrowings from the United States and elsewhere, achieved new dimensions and perhaps its zenith in the 1920's and 1930's.

48 For a discussion of the complex problems and uneven development of the American co-operative movement in the 1930's see Knapp, pp. 227-470.

Better Tractors for Less Money: The Establishment of Canadian Co-operative Implements, Limited¹

THE CANADIAN CO-OPERATIVE movement in the 1980s is a powerful movement: it controls assets nearing \$50,000,000,000; it plays significant roles in agricultural, fishing, and financial industries; it is important in the housing, consumer, and handicraft sectors; and it has over 11,000,000 members in its various organizations across the country.² It is a movement, however, which currently finds it difficult to undertake new initiatives, such as worker co-operatives, or to participate in local economic development as it once did. This paper examines the launching of one large co-operative, Canadian Co-operative Implements, during the late 1930s and the 1940s, trying to understand why that experiment succeeded.³ It argues that the development of C.C.I.L. was possible because of the context within which it took place, including the co-operative networks that had emerged in the Prairie region, and the distinctive qualities of what might be called co-operative entrepreneurship.

¹ This article first appeared in *Manitoba History*, Spring 1987. It is reprinted with the kind permission of the Manitoba Historical Society.

² For a more complete statistical summary of the Canadian co-operative movement, see *Co-operative Canada, 1985* (Ottawa: Co-operative Union of Canada, 1986).

³ Canadian Co-operative Implements Limited began operations in 1944 when it purchased a plant in Elmwood, on the outskirts of Winnipeg. Under the aggressive leadership of J.B. "Jock" Brown, it developed into a strong company, although it always had difficulties in developing a reliable supply for tractors and in generating adequate capital. The company was adversely affected in the interest rate squeeze of the late 1970s and early 1980s and at the same time lost market share. The manufacturing facilities were closed in 1985 although fifty depots remain scattered across the Prairies to service equipment.

The Context For The Development of Co-op Implements

The high cost of machinery was a standard grievance from the beginnings of rural protest on the Prairies. From the time of the Grange in the 1870s to the Protective Unions of the 1880s to the Patrons of the 1890s, farm groups complained about the high cost of equipment.⁴ The complaints became more strident when the steam engine revolutionized grain harvesting in the late nineties and the early years of this century. Those machines, of course, were incongruous: large, ponderous, cantankerous, they lumbered across the Prairie landscape each year, orchestrating the labour of late summer and early autumn. Once harnessed to threshing units, however, they were the essential machine for the grain economy: they alone allowed for the employment of the armies of harvesters; they alone made it possible for farmers to harvest the vast lands during the agonizingly brief periods permitted by Nature each year. It is understandable, therefore, that the first serious sustained efforts by Prairie farmers to lessen the costs of machinery belong to the time when the oddly-shaped steam engines were transforming the wheat economy. It was then that at least some farmers began to realize the need for controlling the supply and the delivery of the machines that made their work possible.⁵

Between 1900 and 1930 even newer machines – tractors and combines – began their surprisingly slow transformation of Prairie agriculture. Gradually, the shape of the modern tractor became more discernible from the awkward, sometimes ludicrous designs of early models. Though still too heavy and underpowered to be of much use except at harvest time, they were nevertheless symbols of prosperity, indicators of “forward-looking” farmers. Occasionally, too, in the Prairie countryside, one could see another important innovation, the combine, the machine that would ultimately replace the steam tractors and their attendant harvesters, those wandering men so vital to the wheat economy’s early history. But

4 See B. McCutcheon, “The Birth of Agrarianism in the Prairie West,” *Prairie Forum* 1 (1976), pp. 79-94.

5 See B. McCutcheon, “The Patrons of Industry in Manitoba, 1890-1898,” *Historical and Scientific Society of Manitoba Transactions*, 1965-66, pp. 7-26.



“The Co-op” tractor at a disk demonstration.

by the end of the twenties, they were, like tractors, more promise than reality, more future than present.

The constantly changing mechanical requirements of the farmers explains why the cost and servicing of farm equipment became so crucial to western farm groups. In the often bitter struggle for survival that grain farming became, machinery was one of the vital determinants of success. Thus, from the early years of the twentieth century, farm groups were concerned about the costs and supply of farm equipment, and they forced both provincial and federal governments to examine the machinery industry repeatedly. The Grain Growers' Associations, the first wave of marketing co-operatives developed between 1906 and 1916, and the second wave, the wheat pools of the 1920s, all complained bitterly about the costs of farm equipment.⁶ Their spokesmen and their

⁶ The literature on these movements is immense. For summaries of their development see V. C. Fowke, *The National Policy and the Wheat Economy* (Toronto: University of Toronto

journals – *The Grain Growers Guide*, *The Western Producer*, and *The Scoop Shovel* – consistently protested what they believed was an exploitive machinery marketing system. In response, special governmental committees were established to investigate the farm implement question, and the costs of machinery were explored by the various enquiries into the grain trade between 1900 and 1940. Several farm politicians – C. A. Dunning, W. R. Motherwell, T. A. Crerar, John Bracken, to mention only a few – repeatedly pledged to improve the situation, but, as with high interest rates and tariffs, the politicians never supplied adequate relief.

There was another important aspect of “the machinery question,” and that was perfecting the appropriate machines. In many ways, the Prairie farmers had been betrayed by their own heritage. When farmers migrated from Eastern Canada, the United States or Europe, they brought with them the practices of generations. Perhaps most importantly, they imported the mouldboard plow. The theory behind this piece of equipment, perfected in the middle of the nineteenth century, was that the farmer should dig deeply into the soil and invert the sod, thereby bringing nutrients to the top and burying plant fibres. This technique, when abetted by crop rotation, frequent moisture, and regular fertilizing, worked well in the settled agricultural areas of eastern North America and Europe. It worked less well in many parts of the Prairies, and it provided the elements of disaster in the southwestern parts of the region: the soil was exposed, the moisture evaporated, and, when the winds came, the top soil was blown away. The evils of this method became most evident in the 1930s. Somehow, better methods and more appropriate machines had to be found, and, for some Prairie farmers and farm leaders, some of those solutions could perhaps be found through co-ops.

Since the late nineteenth century and through the 1920s Prairie farmers had found at least partial solutions to some of their basic problems through co-operative action. The most dramatic developments had been in co-operative marketing, but farmers had

Press, 1957); W. P. Davisson, *Pooling Wheat in Canada* (Ottawa: Graphic Publishers, Ltd., 1927); and W. A. MacIntosh, *Agricultural Cooperation in Western Canada* (Toronto: Ryerson Press, 1924).

also secured supplies through their marketing and supply co-ops. Across the Prairies there were over three hundred co-operative stores, most of them dominated by farmers, and there were over six hundred buying clubs, some organized legally, most structured informally. In addition, there were countless, locally-owned co-ops to supply electricity, to provide health services, to buy purebred livestock, and to own recreational facilities.⁷ Naturally, then, as Prairie farmers struggled to keep pace with changing technology and to find ways to lessen the cost of their machinery, they turned to co-operative techniques. They did so even though the 1930s was not a period when capital for such an expensive proposition as a co-operative farm machinery enterprise could be easily found.

An example of what could be done amid adversity by co-operative action was provided by the formation of Consumers Co-operative Refineries in 1934. It was a response to the absorption of small independent Prairie oil companies by international petroleum organizations and to the related decline in the margins allowed by the majors to petroleum outlets. The decline in the margins particularly affected several petroleum supply co-operatives operated by farmers, especially those located in the Regina-Weyburn-Moose Jaw area. Consequently, a large number of cash-poor farmers raised \$32,000 during 1933-34 and their small refinery went on stream in early 1935.⁸ Although the refinery went through some difficult years, particularly in the late thirties, its success – and the model it provided – stimulated a widespread reawakening of co-operative enthusiasm, particularly when many farm leaders became increasingly concerned about the farm machinery question in the middle and late thirties.

One of the developments that drew attention to the implement industry and the cost of equipment was the Royal Commission on Price Spreads (the Stevens Commission) appointed by the

7 For a more complete summary of the co-operative movement on the Prairies, see I. MacPherson, *Each for All: A History of the Co-operative Movement in English-Canada, 1900-1945* (Toronto: Macmillan of Canada, 1979).

8 J. F. C. Wright, *Prairie Progress: Consumer Co-operation in Saskatchewan* (Saskatoon: Federated Co-operatives Ltd., 1956), pp. 122-149.



C.C.I.L. employees in the mid-1940s
Source: Archives of Manitoba

Canadian Government in 1934. It was particularly critical of the costs paid by farmers for repairs: for example, purchasing parts of machinery individually would total over 170% of the cost of an assembled and delivered machine.⁹ Another major factor in reawakening the concerns about machinery among western farmers was the decision by machinery manufacturers in 1936 to raise the cost of implements by 4% even though the tariff on parts and machines from American suppliers had been reduced in the previous year from 25% to 12½%.¹⁰ This increase, coming in the wake of several years in which Depression-impooverished farmers had found it particularly difficult to purchase equipment or to make payments on loans for machinery acquired previously, created considerable anger among farmers and farm groups in Western Canada.

⁹ Canada, *Report of the Royal Commission on Price Spreads* (Ottawa: 1935), p. 66.

¹⁰ Saskatchewan, *Report, Select Special Committee on Farm Implement Prices and Distribution* (Regina: 1939), p. 26.

The King government responded to the outburst in a typical way by appointing a committee – in this instance, one emanating from the House of Commons. The committee held hearings during 1936 and 1937, analysed manufacturing and distributing costs for machinery, and listened to several delegations from machinery companies and farm groups. It found that the retail costs of machinery had generally been too high since 1891, that the 1936 price increases were too high, that replacement and repair costs were excessive, that there was competition among companies for sales and service but not for prices, and that the credit costs incurred by farmers to purchase machinery were too high.¹¹

The report, however, did not stimulate any direct action from the federal government and, when the tariff on American machinery parts fell by another 7.5% in 1938 without a decrease in the price charged farmers for machinery,¹² Western Canadian dissatisfaction over the machinery issue grew. Consequently, in February, 1939, the Saskatchewan government of W. J. Patterson appointed a Select Special Committee, under the chairmanship of W. G. Ross, to investigate farm implement prices and distribution. For the most part, this committee relied upon the statistical evidence compiled by the previous federal government committee. It relied even more on submissions made by the major farm machinery manufacturing companies, the University of Saskatchewan, the United Farmers of Canada (Saskatchewan Section) and two M.L.A.s, George Williams and O. Demers.

Of all the submissions, however, the most important were submitted by three of the province's most prominent co-operative leaders: H. L. Fowler, Chairman of the Saskatchewan Co-operative Trading Association, which drew together all of the consumer co-operatives in the province; R. McKay, Manager of the Saskatchewan Co-operative Wholesale Society; James McCaig, President of the Wholesale. These three leaders were assisted in their efforts by B. N. Arnason, the Commissioner of the Co-operation and Markets Branch, Saskatchewan Department of Agriculture.¹³The

¹¹ *Ibid.*

¹² *Ibid.* p. 28

¹³ B. N. Arnason, "Organization of Canadian Co-operative Implements," *Memoirs*, typescript

main presentation advanced by this group was made by Fowler, an energetic, forceful, imaginative and somewhat iconoclastic co-operative leader who had been drawn to the co-operative movement from his position as a bank manager and then a gas station operator at Wilcox.¹⁴ He had speedily become one of the main organizers for the Consumers Co-operative Refineries, where he became secretary.¹⁵ In his submission, Fowler outlined the potential for a co-operative organization that could sell new equipment and service old machinery.¹⁶ To help farmers finance their equipment costs, Fowler recommended extensive use of the province's rapidly-growing credit union system. Aware of the problems that had beset the co-operative dairy industry in Saskatchewan,¹⁷ Fowler emphasized the need for grassroots support rather than a top-down, government-initiated "co-operative plan." He did advocate, however, that government become involved by providing expanded education and supervisory services through the Co-operation and Marketing Branch and by making available a small amount of seed capital. McCaig followed Fowler's presentation and described how American co-operatives were becoming involved in the farm machinery business,¹⁸ and McKay described the work of the Wholesale, suggesting that its method of local ownership might provide a model for the organization of a new farm machinery co-operative.¹⁹

The committee was most impressed by the submission from the co-operative leaders and, in effect, adopted the programme recommended by Fowler and his associates.²⁰ In its report, the committee attacked the "gross inefficiency" of the large corpora-

in possession of author; p. 10, pp. 163-187.

14 For a biography of Fowler; see Terry Phalen, *Co-operative Leadership: Harry Fowler* (Saskatoon: Co-operative College of Canada, 1977).

15 *Ibid.*, pp. 95-108.

16 Fowler's submission was printed as Appendix A of the report of the Select Special Committee.

17 For an analysis of the Saskatchewan dairy industry which dwells on the problems of top-down organizations, see G. Church, *An Unfailing Faith: A History of the Saskatchewan Dairy Industry* (Regina: Canadian Plains Research Center, 1985).

18 B. N. Arnason, "Organization of Canadian Co-operative Implements," p. 11.

19 *Ibid.*

20 *Report*, Select Special Committee, pp. 42-44.

tions dominating the implement business and accepted Fowler's claim that a co-operative institution, if it had sufficient support from farmers, could save them 40% on the current retail cost of implements. It recommended that the government expand its educational and supervisory assistance to organized co-operatives, and that it consider investing a \$50,000 revolving fund to help finance purchase of an original inventory. In summation, the committee completely endorsed the co-operative solution and was "definitely of the opinion that the timely and permanent solution of the problem of farm implement prices [was] to be found in co-operative effort."²¹

The Co-operative Networks

Though it only offered a series of recommendations to government, the report of the Select Committee was a challenge to the Prairie, and especially the Saskatchewan, co-operative movement. In particular, it challenged the co-operative leaders who had emerged in the course of the Depression. In all three Prairie provinces, the lessons learned during the "Ten Lost Years" had created a determined and imaginative co-operative programme that embraced all kinds of economic and social activities. It was this group that largely brought the credit union idea to the region; that created the refinery; that ultimately organized a co-operative insurance programme; that restructured the dairy industry; that fostered the development, in the 1940s, of co-operative farms; that created extensive educational networks using fieldmen, journals, networks, radio programmes, and study groups; and that began the development of co-operative manufacturing with the creation of Interprovincial Co-operatives. Ideologically, the networks that emerged within Prairie co-operative circles were diverse, embracing a rich mixture of co-operative utopians (those who believed the entire economy could and ultimately should be organized on a co-operative basis), social democrats, liberals, conservatives and marxists. These differences, while sometimes divisive, also encour-

21 *Ibid.*, p. 44.

aged intense debates and assured that issues were not avoided. Moreover, the differences did not interfere significantly with the capacity of these diverse groups to work together effectively on behalf of specific co-operative initiatives.²²

On 23 April 1940 thirty-five men gathered in the Bessborough Hotel, Saskatoon, to discuss how a farm implement co-operative could be developed.²³ As a group, it included nearly all the major leaders of the Prairie co-operative movement and many of the most powerful farm leaders as well. Among those present were John H. (Jack) Wesson, Paul Bredt and George Bennett from the wheat pools; the ministers of agriculture from Manitoba and Saskatchewan; L. J. Bright and Harry Fowler from Consumers Co-operative Refineries; J. E. Brownlee (the former premier of Alberta) from the U.F.A. Co-operative; and representatives from the provincial federations of agriculture, the Saskatchewan Dairy Pool, the livestock co-ops, the United Farmers of Canada, the Alfalfa Co-operative Marketing Association, the Blindman Valley Co-op, and the three provincial co-operative wholesales.²⁴ The fact that so many of the most prominent co-operative leaders on the Prairies attended the meeting suggests the influence of McCaig and Fowler, the organizers of the meeting, and attests to the importance of the implement issue. At the conference, Fowler advanced the idea that there should be a sign-up campaign to attract at least 35,000 farmers, using funds provided by provincial governments and co-operatives. Others in attendance offered a range of other possible solutions. Thus, while the meeting could endorse the need for developing ways to lower implement costs, it inevitably believed that further study of the problem was necessary; a committee was appointed which included Wesson and Bredt from the Saskatchewan and Manitoba pools, McKay, Peterson and W. F. Popple from the

22 For a more complete description of the Prairie movements in the 1930s, see I. MacPherson, *Each for All*, pp. 118-190.

23 *Report of Interprovincial Meeting to Consider the Handling of Farm Implements, Bessborough Hotel, Saskatoon, 23 April 1940*, copy in author's possession. Copy also deposited in Canadian Co-operative Implements Limited Papers, Provincial Archives of Manitoba (All other C.C.I.L. papers referred to in these footnotes are on deposit in the same archives).

24 *Ibid.*, p. 1.

Saskatchewan, Alberta and Manitoba Wholesale, and Brownlee from the U.F.A. Co-operative. This committee, which added Harry Fowler (who became chairman) and another five members, hired professors of agricultural engineering to seek out adequate sources of supply for implements, particularly from American manufacturers.²⁵

By July 1940, the report was completed and most of the same people who had attended the previous meeting came to a second meeting in Regina in the following July.²⁶ The report maintained that a supply of adequate and reasonably-priced machinery could be secured from the United States should Canadian manufacturers be unable or unwilling to supply a new implement co-operative. Nevertheless, several of the people present at the meeting were skeptical about the timing and the availability of investment funds among hard-pressed farmers. With some reservations, therefore, the meeting endorsed the plan of launching a campaign to sign up farmers in a region-wide co-operative organized on a district basis. A provisional board was established, consisting of Fowler, Brownlee, Peterson, Popple, Colin Burnell from the Manitoba Pool, Tom Bobier from the Saskatchewan Pool and B. N. Arnason. Subsequently, McCaig was added to this group, which then served also as an organizing committee for the new co-operative. The key point about the makeup of this



The Co-op "Disker", Manitoba Co-operator, June 16, 1947
Source: Archives of Manitoba

²⁵ *Ibid.*, p. 8.

²⁶ *Report of Second Interprovincial Meeting to Consider the Handling of Farm Implements*, Saskatchewan Hotel, Regina, July 24, 1940.

committee was that it possessed diverse, strong associations with the entire range of co-operative activity across the Prairies, and it also had excellent ties with the appropriate departments and chief political figures in their provincial governments.

As plans for the new company unfolded, the importance of co-operative networks and existing structures was also clearly evident. Most of the initial capital for undertaking an educational and sign-up campaign came from provincial governments – \$2,500 each from Alberta and Manitoba and \$3,000 from Saskatchewan²⁷ – but most of the personnel and the organizational support came from existing co-operatives. Organizing committees were developed in each province using, for the most part, personnel freed at least in part from their regular duties by the larger established co-operatives. In each province, the district co-operatives were organized as much as possible according to the geographic boundaries of the wheat pools; in Saskatchewan the district co-operatives followed precisely the pool boundaries, in the other two provinces minor adjustments had to be made.²⁸ Pool fieldmen, particularly in Saskatchewan where the pool had a rigorously enforced policy of promoting all kinds of co-operative activity, were expected to assist the development of the implement co-operative whenever possible.²⁹ At the same time, most of the main co-operative organizations, through their publications and radio broadcasts and at their regular meetings, publicized the initiative and stimulated debate among their members.

During the winter and spring of 1940-41 several co-operative organizations financed loans of \$9,850 to assist with organizational activities.³⁰ Using these funds and some of the money provided by the provincial governments, campaigns were organized in all three provinces. The campaigns had varied success, but together they raised significant amounts of money. Most of the campaign workers contributed their time. Some were paid on a com-

27 E. Braun and K. Howard, "History of C.C.I.L.," p. 73 (C.C.I.L. Papers).

28 *Directors' Report, First Annual Meeting*, p. 1 (C.C.I.L. Papers).

29 See I. MacPherson, "Missionaries of Rural Development: The Fieldmen of the Saskatchewan Wheat Pool, 1925-1965," *Agricultural History*, forthcoming. [published Spring, 1986 -Ed.]

30 *Directors' Report, First Annual Meeting*.

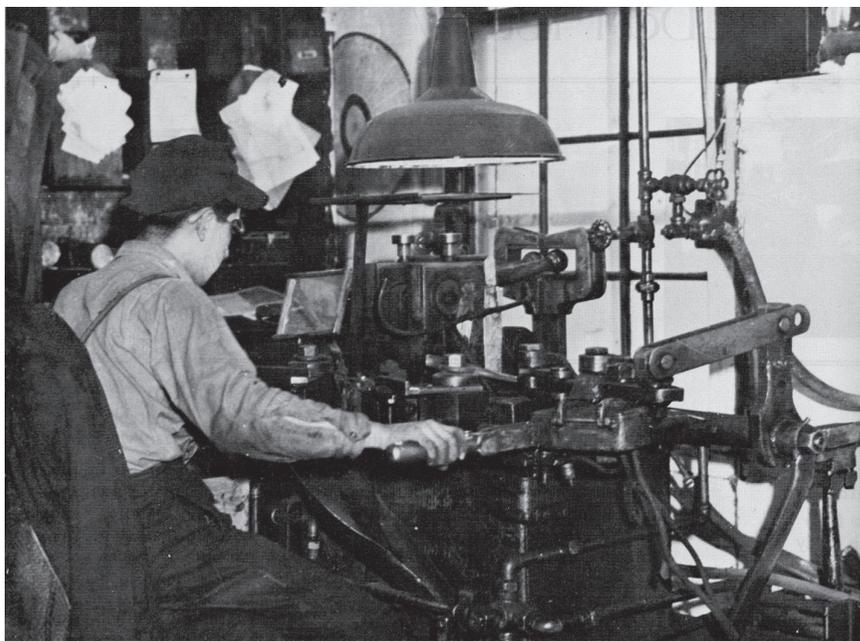
mission plus expenses basis.³¹ Typically, the campaigns began by organizing district co-operatives at meetings that in some instances attracted between 400 and 500 people.³² In most cases, one of the directors of the Canadian Co-operative Implements Limited – often Harry Fowler – was the featured speaker; pamphlets, such as *The Farm Machinery Plan*, the first pamphlet prepared about the company, were distributed; and the farmers present were asked to join the co-op and to purchase a share for ten dollars. Following the meeting, the campaign was taken to the countryside through various co-operative meetings and direct canvasses by organizers and salesmen. While the district associations were useful in organizing interest, they served regions that were too large to function effectively as “locals” in the same way as did co-operative stores or wheat pool districts.³³ Moreover, though the attendance was usually good, the members present represented only a fraction of the numbers needed. Thus it was the local campaigns following the district meetings that ultimately determined the future of Co-operative Implements.

In each of the first three campaigns on behalf of C.C.I.L. – from the late autumns to springs of 1940-41, 1941-42, and 1942-43 – the organizers achieved varying degrees of success. In Manitoba the campaigns soon came to be dominated by J. B. Brown, a native of the Scottish Clydeside who had emigrated to Canada in 1913. He had farmed quite successfully near Cartwright, and had become well known in Manitoba as president of the Co-operative Commonwealth Federation. When Co-op Implements was established in 1940-41, Colin Burnell had been in charge of the initial campaign, but Brown had been the most successful campaigner in signing up members. A powerful orator, with a dynamic personality and a rich Scots brogue, he was a forceful leader, strongly independent, sometimes stubborn, and always earnestly sincere. He later recalled the technique he used. He would arrange to meet with members of local pool committees only after he had signed

31 *Auditor's Report*, 20 January 1942, p. 1 (C.C.I.L. Papers).

32 B. N. Arnason, “Organization of Co-operative Implements,” p. 16.

33 Interview, J. B. Brown, Winnipeg, 2 July 1976.



Men at work, C.C.I.L. circa 1944.

Source:Archives of Manitoba

up the members of the executives of those committees.³⁴ When he spoke to the members he followed the pattern he used very successfully in his political activities:

First you make an appeal to reason – you show them all the reasons for the high prices of machines; for the formation of this co-operative; how it would have to operate if it were going to make the full savings possible. And, when you finish that you then make the emotional appeal because the simple fact, of course, is that people don't act from reason; they act primarily from feeling. You must make that appeal to feeling effective. How then in this particular case do you make it effective? Very simply: when I finish it all I say, "There now, I have put this whole proposal before you. It's up to you. Can any one of you tell me of any other way whereby the machinery prices can be reduced other than the way I have put forward. Maybe there is another way. If there is, I would be very glad to hear it. But, if you can't give me any other alternative, knowing that ... you need to have machinery prices lower ... then you

³⁴ *Ibid.*

must accept that this is the only way If you go out of this hall without signing up, for heaven's sake don't make your wife's life miserable or yap to your friends about the high cost of machinery because you have decided tonight not to change things as they are. So you have made your bed and I recommend that you just lie on it Now the result of that [appeal] was that nobody could get out of ... that meeting unless they slunk out of the door. But then, for that matter, I always had a table at the door.³⁵

Brown made an impact almost immediately: of the \$9,000 raised from farmers in Manitoba in 1940-41, he raised nearly half of it.³⁶ By October, 1941, largely under his direction, the Manitoba campaign had raised \$28,900,³⁷ and by 1943 the total had reached \$47,000.³⁸ In Saskatchewan the campaign was initially under the direction of Harry Fowler but in 1941 it passed to George Munro, a wheat pool employee who, in the early thirties had been Fowler's business partner in Wilcox.³⁹ The Saskatchewan campaign was significantly different from its Manitoba counterpart in that it relied heavily on the work of the fieldmen of the Saskatchewan Wheat Pool. In 1938, the Pool had formally adopted a policy that it would encourage the development of all kinds of co-operatives. From that point on, Pool fieldmen had organized hundreds of credit unions and co-operative stores and had promoted the development of sister co-ops like the dairy and livestock pools.⁴⁰ Co-op Implements became just another cause to add to their list. They spoke about the implement programme at their local and district meetings; they promoted it at their three-day schools and summer school at the University of Saskatchewan.⁴¹ In short, the C.C.I.L. campaign fitted into their existing work, and largely because of that established network and process, the implements programme gained rapid success. By the end of the 1940-41 campaign, over

35 *Ibid.*

36 *Ibid.*

37 *Auditor's Report*, C.C.I.L., 20 January 1942, Schedule 2.

38 *Auditor's Report*, C.C.I.L., February 1944, Schedule 1.

39 Interview, G. Munro, Regina, 15 August 1976.

40 See I. MacPherson, "Missionaries of Rural Development," *Agricultural History*, forthcoming.

41 Interview, J. Forrest, 4 March 1986.

\$30,000 had been raised from farmers.⁴² It was increased to \$106,000 by October, 1941,⁴³ and to \$171,000 by early 1943.⁴⁴

The Alberta campaign was the most difficult to develop. The main problem in Alberta was that the manager of the Wheat Pool, R.D. Purdy, was a conventional businessman who restricted the activities of his fieldmen and counselled the board against new, broad initiatives, especially since the Pool was still paying back loans owed to governments for the economic collapse of 1929-30.⁴⁵ Moreover, the U.F.A. movement, through which many earlier contacts had been made, had disintegrated following the collapse of the U.F.A. government in 1935. Thus, though the U.F.A. Co-operative, under the management of the generally supportive Norman Priestley, half-heartedly supported a machinery co-operative idea, it had limited influence and few resources. Consequently, the early organizers in Alberta, particularly Ed Peterson, had few networks that were readily available. The problem is reflected in the amounts of money invested in the organization by Alberta farmers. The 1940-41 campaign attracted only \$2,000,⁴⁶ and by October, 1941, the amount was still the same.⁴⁷ In late 1942, "Jock" Brown was sent to Alberta on a part-time basis (he remained in charge of the Manitoba campaign as well); by 1943, because of his leadership and the efforts of officials from the U.F.A. Co-op, the investments from farmers in Alberta has risen to \$19,000.⁴⁸ It was still not as much money as the organisers of the co-operative would have liked, but it indicated a growing level of support.

Viewed in a broader perspective, the development of the company between 1940 and 1943 was satisfactory because it was struggling against two major difficulties. In the first place, unlike the Grain Growers Grain Company in the 1906-1910 period or the wheat pools in the 1920s, C.C.I.L. was selling a vague programme. From the beginning, it was unclear whether the ultimate

42 E. Braun and K. Howard, "History of C.C.I.L.," p. 86.

43 *Auditor's Report*, C.C.I.L., 20 January 1942, Schedule 2.

44 *Auditor's Report*, C.C.I.L., 1 February 1944, Schedule 1.

45 Interview, J. B. Brown, 2 July 1976.

46 E. Braun and K. Howard, "History of C.C.I.L.," p. 86.

47 *Auditor's Report*, C.C.I.L., 20 January 1942, Schedule 2.

48 *Auditor's Report*, C.C.I.L., February 1944, Schedule 1.

goal was to manufacture equipment, to serve as a dealer network, or to become part of an international co-operative implement programme. It was built on a range of dissatisfactions in the country-side, and its leaders could not assess the possibilities until they knew the extent of farmer support. In the interim, all they could do in order to address directly some of the needs clearly evident among farmers was to operate a used machinery programme. This they did do by offering, on a commission basis, to advertise used, surplus machinery throughout the region. This service was useful, particularly, according to some reports, in facilitating the movement of equipment from the central plains to the parkland areas.⁴⁹

Secondly, C.C.I.L. was struggling against the restrictions of wartime. By October 1943 when it had over \$237,000 in capital invested by its farmer-owners,⁵⁰ the company was prepared to take one of several alter-native courses of action. The first preference was to begin the manufacturing of small implements on a modest basis, but this was impossible because of war-time restrictions on the use of steel.⁵¹ This restriction proved to be more significant than was at first recognized because it meant that the company fell behind its already well-established competitors, the big manufacturing concerns, who modernized during the war through defence contracts, thereby becoming very competitive at war's end.⁵² The only real alternative that seemed available amid the war-time limitations was to enter into an arrangement with American co-operatives which already manufactured farm implements. On June 25, 1942, I. H. Hull, General Manager of Ohio Farm Bureau, met with the Executive Committee of C.C.I.L. and described the programme developed by American co-operatives since the mid-1930s to manufacture tractors for their members.⁵³ Fowler was particularly impressed by the American progress made through

49 Minutes, Directors' Meeting, C.C.I.L., 27-28 July 1942, p. 13.

50 *Auditor's Report*, C.C.I.L., February 1944, Schedule I.

51 "History in the Making," undated pamphlet on C.C.I.L., Co-operative Union of Saskatchewan Papers, Saskatchewan Archives Board, file 10e.

52 B. N. Arnason, "H. L. Fowler as Co-operative Leader," Epilogue in T. Phalen, *Co-operative Leadership*, p. 200.

53 See "Informal Meeting – June 25th, 1942 – Regina, Sask. with Mr. I. H. Hull, General Manager, Indian Farm Bureau," C.C.I.L. Papers.

National Farm Machinery Co-operatives which operated a 35,000 square foot plant in Shelbyville, Indiana.⁵⁴ He was largely responsible for C.C.I.L. becoming a participant in the National Co-operatives programme by ordering 500 tractors at cost plus ten per cent; by investing immediately \$10,000 with a further responsibility of investing another \$40,000; and by agreeing to furnish another \$25,000 should further capital be needed.⁵⁵ This arrangement became important in promoting the last big campaign to sign up members and raise capital, the campaign of 1944-1945.

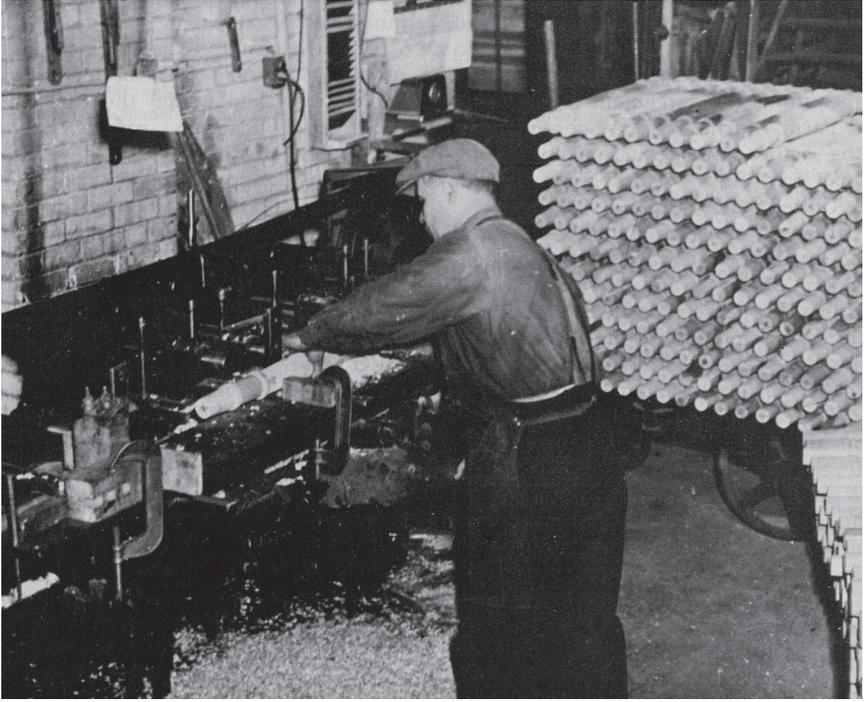
Co-operative Entrepreneurship and the Consolidation of C.C.I.L.

For Harry Fowler, the future for the implement co-operative lay in closer ties with the American programme. He envisioned a large international farm machinery co-operative that would be able to compete with the major machinery companies such as John Deere and Massey-Harris. In a sense, this was a natural progression for Fowler who was always a restless, creative leader who, in the course of his co-operative career, organized, worked for, or served on the boards of, numerous co-operatives including (in addition to the refinery, and C.C.I.L.) the following: the Wilcox co-operative; the Sherwood Credit Union; the Regina Co-op; Interprovincial Co-operatives; Saskatchewan Co-operative Credit Society; Co-operative Trust; Federated Co-operatives; Co-operative Guarantee and Fidelity Company; Federated Agencies; Saskatchewan Co-operative Superannuation Society; Funeral Co-operative Association; Publications Co-operative Association; Co-operative Union of Saskatchewan; Co-operative Fisheries; Tisdale Co-op; and Sherwood Co-op.⁵⁶ He was a compulsive organizer, who delighted in mobilizing membership support, in fashioning organizational committees, and in creating new institutions. He was not as suc-

54 For a fuller description of National Co-operatives, see J. G. Knapp, *The Advance of American Co-operative Enterprise, 1920-1945* (Danville, Ill.: Interstate, 1973), pp. 497-99.

55 E. Braun and K. Howard, "History of C.C.I.L.," p. 89.

56 Interview, H. L. Fowler, 15 June 1972.



Men at work, C.C.I.L. circa 1944.
Source: Archives of Manitoba

cessful as a day-to-day manager, at least according to some observers,⁵⁷ but as a type of leader necessary for the development of new co-operatives he played a vitally important role. More than any other person, he brought together the diverse elements needed to create the necessary momentum and raise the required capital. This was not an easy task because energizing the co-operative movement is never easy, as he later observed when recalling the struggle to develop C.C.I.L.

When we talk about enemies or opposition to the co-operative movement we talk about the Chamber of Commerce and all these kinds of people — they never offered any effective opposition to the co-operative movement — the op-

57 Interview, J. B. Brown, 2 July 1976.

position I had to overcome throughout my history has been people within the co-operative movement who said this couldn't be done.⁵⁸

In his restless search for new challenges and broader approaches, Fowler agreed in 1944 to go to National Farm Machinery Co-operatives as manager. It was a mistake in his own career as he was not welcomed by the management group he was hired to lead, and he lacked sufficient technical expertise. He returned to Saskatchewan a year later but by that time another "co-operative entrepreneur," J. B. "Jock" Brown, had taken over leadership of the company.

Brown shared some of Fowler's flamboyance as a speaker and was at least his equal in organizing groups of people. But Brown's view of how the company should develop was dramatically different from Fowler's. Instead of trying to become involved in a risky, large-scale international co-operative manufacturing concern such as the one at Shelbyville, he had a different vision of what the company's purpose and future were to be. He later summarized this vision as follows:

It was to reduce the price of machines by the elimination of distributive waste; that means the avoidance of the practices of competitive business; carrying on the business in accordance with the realities of our being as a co-operative and on the basis of the simple fact that capitalism can always build cheaply—it can never distribute cheaply. The waste in our economy in the distribution of goods is simply appalling, and that is the case with farm machines. But don't ever think it is possible to build machines more cheaply than Deere or Massey.⁵⁹

Thus in 1943 and 1944, while Fowler was proposing the "big" alternative in Shelbyville, Brown was advocating a more cautious route. He gained his chance as Fowler negotiated with, and finally moved to, National Farm Co-operatives. In September, 1944, Brown, having been selected by the Board of Directors to succeed Fowler who was moving to Shelbyville the following month, proposed that, in addition to working with National Farm Co-opera-

58 Interview, H. L. Fowler, 15 June 1972.

59 Interview, J. B. Brown, 2 July 1976.

tives, C.C.I.L. emphasize two other opportunities: first, signing a contract with an eastern manufacturing company, Cockshutt, to sell some of their machines in western Canada; and second, purchasing a small plant in Winnipeg, the Gregg Manufacturing Plant, to begin the manufacture of smaller implements.⁶⁰ Although he didn't state so publicly at the time, Brown was convinced that National Farm Co-operatives was headed for disaster and could not compete in the capital intensive implements business⁶¹. His proposal met with considerable skepticism, particularly from Saskatchewan leaders probably resentful that Brown, a Manitoban, had succeeded Fowler, but it did gain the support of the majority of the Board of Directors.

On the following day, at a meeting of C.C.I.L. directors with T.C. Douglas, premier of Saskatchewan, Stuart Garson, premier of Manitoba, representatives from the Alberta government, and representatives from the major co-operatives, particularly the pools, Brown threw down a challenge to the group. He proposed that C.C.I.L. launch a campaign to raise \$700,000 from farmers on the Prairies and, when that was done, the provincial government and the co-operative organizations would invest \$2,000,000 in the co-operative. At least some in the room, particularly James Brownlee, the former premier from Alberta, thought the proposal was impossible, but the majority agreed and their judgement proved sound – or nearly so.⁶²

During 1944-45 and 1945-46, under Brown's leadership, C.C.I.L. launched two large sign-up campaigns. New pamphlets were printed; radio – even the national programme, Farm Radio Forum – was used effectively to stimulate interest in the organization; the co-operative networks used in the past were used even more effectively; and representatives from the organization spoke at nearly all the major meetings of co-operatives in the region. By 30 October 1945 share capital had increased to \$831,800 (\$130,200 from Alberta, \$227,500 from Manitoba,

60 See *Minutes*, Meeting of the Board of Directors, C.C.I.L., 25 September 1944, C.C.I.L. Papers.

61 Interview, J. B. Brown, 2 July 1976.

62 Interview, J. B. Brown, 2 July 1976.

and \$474,100 from Saskatchewan).⁶³ By 31 October 1946, the total amount had reached \$852,000,⁶⁴ about \$100,000 short of Brown's goal announced two years earlier but enough to ensure the stability of the organization to permit entry into a contract with Cockshutt, and to begin manufacturing some implements at its Winnipeg plant. In the meantime, the agreement entered into with National Farm Machinery Co-operative had fallen apart, the victim of inadequate unity among American co-operatives and a deteriorating market situation in the United States.

Brown's approach exemplifies some other typical dimensions of Canadian co-operative entrepreneurship. He had strong bonds to, and a rich affinity for, farm people, in his case largely because of his social democratic leanings, leanings that became more radical as the years passed; he developed the company so that it would respond to the needs and innovations of ordinary farmers; he ran a company which paid relatively low wages; from his employers he demanded loyalty to a cause he believed in; he was often autocratic; and he did not suffer gladly those within the co-operative movement who criticized him about C.C.I.L. In short, in the uncertainties caused by the almost endless networks and the structural diversities of co-operatives, Brown was a determined, sometimes ruthless, and heavy-handed manager similar, in many respects, to managers of other co-operative enterprises, particularly those in their early years of operation.⁶⁵

C.C.I.L. and Co-operative Entrepreneurship on the Prairies

In their remarkable book, *Prairie Capitalism*, John Richards and Larry Pratt argue effectively that, because of the political economy of Canada, the governments of Saskatchewan and Alberta, in conjunction with indigenous elites, have been major participants in forging the Prairie region's pattern of economic growth. Rather

63 *Auditor's Report*, C.C.I.L., 11 December 1944, Schedule 2.

64 *Auditor's Report*, C.C.I.L., 20 February 1947, Schedule 3.

65 Some examples, although personalities are certainly different, could include H.A. "Buck" Wagner of Co-operative Trust, James A. McPhail of the Saskatchewan Wheat Pool and R. D. Purdy of the Alberta Wheat Pool.

surprisingly, this study completely ignored co-operative entrepreneurship, an important Prairie phenomenon different in key respects from either government-led development or traditional capitalism (in either the small business of international varieties). The early development of Co-op Implements demonstrates some of the qualities of this unique kind of economic activity. It emerged within a distinct context profoundly shaped by the regional experience. It worked through powerful networks and, by its nature, demanded that its leaders possess the ability to use those networks effectively. It required organizational skills rarely if ever necessary in the government or private business. It ultimately required a tough, domineering figure in the person of “Jock” Brown to create order out of chaos. It worked out its own particular relationship with government. It relied on the loyalty of its members to raise capital and provide support. It operated within an “institutional culture” that ultimately possessed a clear vision of what it wanted to do and of how it was different from other organizations. It struggled against the internal problem of competing ambitions, provincial differences and innate conservatism.

In retrospect, too, the way in which C.C.I.L. developed was generally typical of how new initiatives have been undertaken within the Canadian co-operative movement. The Grain Growers Grain Company and the pools – of various kinds – were started by large campaigns financed and supported, at least in part, by other co-operatives and governments. They relied heavily on organizers who, like Fowler and Brown, were not easily controlled by the more cautious groups frequently dominant in co-operatives. They succeeded because, as Brown put it, they appealed to feelings while they promised to satisfy some crucial needs. The other great initiatives of the 1930s through the 1950s – the development of credit unions, the establishment of Co-operative College, and the creation of a national financial structure involving life insurance companies, a trust company, and a national credit union organization – similarly relied on significant support from established co-operative organizations. Only the consumer movement – and that was back in the 1920s and 1930s – followed a pattern of building

organizations almost exclusively on local resources and then developing wholesales, their central organizations.

The significance of the more common pattern becomes clear when one considers the lack of major new initiatives within Canadian co-operative circles after 1960. While sectors have undertaken expansion within their own fields – such as credit unions adopting new technology or Federated Co-operatives entering new fields of activity in the petroleum industry – few major new, broad-based projects have developed. Co-operative housing developed through government programmes brought about by the lobbying of a few enthusiasts and not because of a major initiative by co-operatives. Similarly, the development of northern co-operatives has taken place because of the enthusiasm of public servants; established co-ops have shown only a passing interest. In recent years, too, despite a fairly widespread interest in worker or employment co-operatives, the movement has done little to help their development.⁶⁶ There are, of course, reasons for the decline of broad-based initiatives. These include the growth of managerial cadres with overwhelming concern for immediate gains, the decline of broad perspectives among directors, and the loss of organizing skills. Or, put another way, the decline may best be seen by contrasting the inertia and institutional limitations of recent years with an understanding of how co-operative entrepreneurship, building on context and networks, worked in the past. One example is the history of the establishment of Co-operative Implementations, an organization which, whatever its later difficulties, in its early years followed the classical model of co-operative development in Canada.

66 For a defence of the inter-institutional, broad-based approach as opposed to a decentralized, locally-based approach in the development of worker co-operatives see J. Jordan, "A System of Interdependent Firms as a Development Strategy," Paper presented for the International Seminar on Labour Ownership and Workers' Co-operatives, University of Orebo, Sweden, 13-17 June 1983.

George Chipman and the Institutionalization of a Reform Movement¹

CANADIAN HISTORIANS HAVE explored quite extensively the impact of Ontario upon the Prairies. Recently, they have begun to examine in depth the impact of Québec.² Until now, they have not explored at all the relationships with the Maritimes. From the late nineteenth century onward, tens of thousands of Maritimers annually came west, many on the “Harvest Specials” that brought, in addition to young farmers, unemployed miners, frustrated bank clerks and restless school teachers. Most Maritimers who came for the harvests returned home; many, however, remained settling on homesteads or competing for work in the industrial areas of the cities.³ Once settled in the Prairies, they tended to fade into the general mass of Anglo-Canadians, perhaps identifiable by the remnants of their accents and the vehemence with which they endorsed the Prairie bias against Central Canada. They were also distinguishable by their national perspectives: for them Canada did not end in the East at the dens of iniquity located on Bay and St. James Streets. From that wider perspective, in fact, would emerge

1 Many exponents of co-operatives can best be understood as “proponents” rather than “believers”: people drawn to the movement from other causes for any of a variety of reasons. This study examines the career of one such proponent, George Chipman. It raises indirectly the roles of those who, while in one sense are on the periphery of the movement’s orthodoxy, in other ways become centrally important to the movement’s development, perhaps not the surest foundation on which to build. It is reprinted with the permission of the Manitoba Archives Board. It first appeared in the pages of *The Transactions of the Manitoba Historical Society* in the issue for 1975-76, pp. 53-67.

2 For Ontario, see W. L. Morton, *Manitoba, A History* (Toronto, 1967) pp. 199-233, J. E. Rea, “The Roots of Prairie Society,” in D. P. Gagan, ed., *Prairie Perspectives* (Toronto, 1970) pp. 48-51. For Quebec, see A. I. Silver, “French-Canada and the Prairie Frontier; 1870-1890,” *The Canadian Historical Review*, 1969, pp. 11-36, and especially R. Painchaud, “The Catholic Church and French-Speaking Colonization in Western Canada, 1885-1915,” unpublished Ph.D. thesis, University of Ottawa, 1976.

3 In 1911, there were 22,047 Maritimers on the Prairies; in 1921, there were 38,910. Sixth Census of Canada, 1921, p. xii.

attempts at national agrarian unity and, especially in the thirties, the start of a national co-operative movement.

One of the Maritimers who found his home in the west was George Chipman, for twenty-six years the editor of *The Grain Growers Guide*.⁴ Chipman was born on January 28, 1882, on the family farm at Nictaux West, near Bridgetown in the Annapolis Valley.⁵ He belonged to a prosperous family with deep roots in the local community. The family had arrived in the valley in 1803 after having spent more than a decade as Loyalists in the Shelbourne area.⁶ The land they chose was good; the Chipmans were versatile and well educated; and the family made steady progress from generation to generation during the nineteenth century. In political attitudes, the Chipmans were reformist, opposed to centralized economic and political institutions, emphatically in favour of individual responsibility, but given to group action among farmers. During the late nineteenth and early twentieth centuries, F. Miles Chipman, George's father, was involved in upgrading local agriculture practice and in forming local bulk buying and centralized selling programmes. Because of these efforts he became both an agricultural representative in Annapolis county and an early local leader for the co-operative marketing of fruits.⁷

George maintained these interests but, as a younger son and a very good student, he also recognized the limitations of his future in the valley. Thus, he decided, like so many of his generation of Nova Scotians, to become a teacher. In 1896 he enrolled in Truro Normal School, a teacher-training institution that had already gained an enviable reputation throughout English-Canada. He graduated - at age seventeen - in 1900 and soon found a post as principal of a graded high school in River Hebert. He seems to have been a successful principal for the period, stressing practical subjects in his school, attempting to meet some of the challenges of "the rural problem," and concerned about improving the standard of instruction among his teachers.

4 After April, 1928, *The Country Guide*.

5 *Winnipeg Free Press*, December 28, 1935.

6 See obituary, F. Miles Chipman, *Grain Growers Guide*, March 15, 1916, p. 44.

7 *Ibid.*

In August, 1903, he moved west, like many other future Prairie leaders, relying upon teaching as a means of making a living while he surveyed his prospects. Chipman later recalled his first 4,000 mile journey to the Prairies in the following way:

The writer left the east, in company with several other graduates of Truro, on a harvest excursion train There were ladies in the party and the trip was a pleasant one but so many have taken it that nothing more need be said, as to what a trip on a harvest excursion means. No [sic] schools had been secured by any of the party and none were in view but it was mutually decided that a month or two in the harvest field would have a very beneficial effect after being confined in a school for several years. When Winnipeg was reached and the farmers came in from the country to engage their hands for the field the prospect became less inviting and to we pedagogues there was nothing attractive in stooking wheat or laboring at the end of a fork handle.⁸

Successfully avoiding the hard work at harvest time, Chipman went on to Wolseley in present-day Saskatchewan where, through a teacher's agency, he found employment farther west in a Mormon community near Cardston. The school he found there - a log building with a cheesecloth ceiling and most of its log chinks fallen out - was hardly impressive. He paid a quarter of his salary to the bishop for his lodgings, which amounted to sharing a room in the bishop's house with three of his landlord's sons. These conditions, along with the fact that he felt himself an outsider in the community, did not sufficiently offset his admiration for Mormon children; he left the community in December, 1903. He went north where he joined a friend and through him found a school in an essentially German neighbourhood near present day Leduc, Alberta. He stayed at that school and another nearby for a total of a year and a half. The student bodies at these schools, numbering up to sixty at any one time, consisted of, in addition to Germans, some eight different nationalities. Tiring of the immense difficulties such a teaching situation represented, and unhappy with the

8 "Teaching in Western Canada," memorandum, in The George F. Chipman Papers, the Douglas Library, Queen's University, Volume III: file "Chipman Papers, undated (before 1909)," pp. 1-2. Further footnote reference to these papers will be abbreviated to G.F.C.

lonely, low-paying job of a Prairie school teacher, Chipman returned to Winnipeg in 1905 to seek other employment.⁹

The bustling city at the forks of the Red and the Assiniboine was becoming a metropolis in many ways; one of these, sometimes underestimated, was as a communications centre. Chipman, who had not excelled in, but had enjoyed, composition and literature as a student,¹⁰ became a freelance writer, selling most of his work to *The Manitoba Free Press*. Within a few months he had demonstrated his capabilities, and he became fully employed by that paper as an editorial writer. His writing for the *Free Press*, clearly if sometimes ponderously written, was devoted mostly to city politics, “crime in the city’s core, the public telephone issue and descriptions of explorations of the north.”¹¹ Young and aggressive, idealistic and informed, he soon attracted attention from the more “reformist and progressive” elements in Winnipeg and its immediate hinterland. In 1909, when the organized farmers of the West were searching for an editor for their new journal, *The Grain Growers Guide*, they turned to Chipman, by that time an experienced newspaperman, one with a reputation for independence and reform sympathies. Thus began the major work of his life as a spokesman for a large number of reformist farmers, most of them resident in the Prairies.

By the time George Chipman succeeded E. A. Partridge and D. G. Mackenzie as editor of *The Guide*,¹² he was already deeply enmeshed in reformist Prairie circles. Exuberant and ambitious, he had entered enthusiastically into the great Canadian experiment of opening the Prairies. He caught something of the enthusiasm and optimism this project engendered in a moralistic story he wrote

9 Chipman’s recollections of his teaching career are included in *ibid.* and in another unentitled article in the same file.

10 In his graduating year in High School, Chipman’s lowest grade was in English Literature; it was 34%. His highest grades were in mathematics. See report card, G.F.C., vol.V: file “Chipman Personal Papers.”

11 It would appear that copies of all Chipman’s signed articles can be found in G.F.C., vols. III and IV.

12 R. McKenzie succeeded Partridge as editor-in-chief and retained that position until September 1910. Chipman served as managing editor under McKenzie an then for a year fulfilled both tasks without the more prestigious title. He became editor-in-chief in September, 1911.

in 1908 about the nation-building process in the West. Labourer and earnest in theme, clumsy in characterization, the story dealt with the career of Jack Canuck, “a sturdy, clear-headed and altogether prepossessing young man. Garbed in a red shirt and the habiliments of honest toil, he armed himself with the implements of husbandry and wrought valiantly for all that stood for home in its fullest significance.”¹³ Jack’s main task was to forge a new nation dedicated to securing “the Perfection of Life.” “Jack looked to himself, his equipment, his qualifications and his material on hand and reasoned unto himself that he was better prepared than any who had yet pursued [this] popularly exalted phantom.”¹⁴ This manly image of a robust young man, the idealized Canadian creating a new society, was a favourite one for Chipman as it was for many of his countrymen at the turn of the century; in Chipman’s case, though, this romantic conception had special meaning for the group enterprise that opening the Canadian West had come to be. Caught up in the euphoria of nation-building on the Prairies before World War One, Chipman naturally developed an enthusiasm for many of the novel ideas then in circulation as to how the new society should be shaped. In the optimism of his twenties and even his thirties, he believed that an eclectic gathering of good intentions and democratic principles would forge “the Perfection of Life.”

His experiences as a teacher on the settlement frontier also influenced Chipman’s outlook. He had been disillusioned by his work in the three rural schools of Alberta where he had met seriously for the first time the problems involved in Anglicizing Continental European immigrants. He had also become concerned about the ethnic diversity he had encountered in Central and North End Winnipeg.¹⁵ Thus, when he wrote about Jack Canuck, Chipman saw his hero as essentially an “alchemist” mixing the best elements of many groups to an Anglo-Saxon base to form a

13 The Crucibles, G.F.C., Vol. III: file “Chipman writings, undated, before 1909 (1),” p. 1.

14 *Ibid.*

15 See G. F. Chipman, “Winnipeg: The Melting Pot,” *The Canadian Magazine*, September, 1909, pp. 409-416, and “Winnipeg: The Refining Process,” *ibid.*, October, 1909, pp. 548-554.

new, more perfect “compound.” Non-British elements who stubbornly defended their way of life were “lumps in the mixture” who resisted the eroding but beneficial action of the principal ingredients; they were thus obstacles to be overcome, divergences from the norm to be altered. This concern over immigrant assimilation, in fact, would remain a preoccupation with him for most of the years he was editor of *The Guide*.

The main way that Jack Canuck or George Chipman believed the immigrant groups could be changed was through education. Chipman was a strong advocate of the nondenominational unilingual national school system. Only a uniform school system using the most effective modern methods could hope to homogenize the diversity of people gathering on the Prairies. Chipman was appalled by the creation of what he saw as a dozen school systems in Manitoba because of the minority schools rights granted in the Laurier-Greenway compromise.¹⁶ He wanted a highly centralized school system with English as the only language of instruction; one with a strong inspectorate, well-trained teachers, and a carefully-prepared curriculum. He believed that existing schools operated by minority groups provided a poor education for their students and certainly inadequate preparation for entry into a basically Anglo-Saxon world. He believed, in short, that the school was the necessary first stage in the melting pot process required for the development of a distinct Canadian identity.

This emphasis on constructing an essentially Anglo-Saxon society was in retrospect Chipman’s first main negative reaction to Prairie circumstances.¹⁷ Like most of the early leadership of the agrarian and co-operative movements on the Prairies, he treasured British systems of government and law. He believed, in fact,

¹⁶ See his article, “Education a La Carte,” G.F.C., vol. 3: file “Chipman Writings Mss. 1909-1911.”

¹⁷ Chipman, of course, was far from unique in combining nativist attitudes with reformist sympathies. In particular, he was much like Ralph Connor. See L. Thompson and J. H. Thompson, “Ralph Connor and the Canadian Identity,” *Queen’s Quarterly*, 1972, pp. 159-170, and R. Cook, “Francis Marion Beynon and the Crisis of Christian Reformism” in C. Berger and R. Cook, *The West and the Nation: Essays in Honour of W. L. Morton* (Toronto, 1970), pp. 187-208. His attitudes, too, bear some similarity to the views of J. S. Woodsworth. See J. S. Woodsworth, *Strangers Within Our Gates* (Toronto, 1909).

that the reforms he advocated were natural extensions of those systems, necessary given the successes of the immigrant groups. In that regard, Chipman was deeply impressed by the capacity of most European immigrants to survive, even to thrive, amid the adversities of the homesteading experience.¹⁸ In short, like Clifford Sifton, Chipman believed that industrious, thrifty, stable, rural immigrants from continental Europe were welcome additions to Prairie society, additions that in a generation or two would make their own contributions to the "Perfection of Life."

In forming the new Canadian "compound" out of its diverse ingredients, Chipman endorsed the use of moderate reform principles. These principles were clearest and most cogently advanced by him in his first fourteen years as editor of *The Guide*. The journal's most obvious reform commitment in those years was to elevating the farmer's place in Canadian society. He concentrated upon the technical side of agriculture, concentrating on new developments with both field crops and livestock. These reports emanated from a remarkably wide-spread set of sources, including not only other Canadian regions and the United States, but also Britain, continental Europe, and Australasia. The rapid alteration of the family farm was truly an international phenomenon at the turn of the century, and *Guide* reporters seem to have followed it by reading extensively in the international agrarian press. *The Guide* was especially interested in promoting "business agriculture," stressing to farmers and their wives the necessity of maintaining careful records, of having their soils systematically tested, of planning crop rotations, and of diversifying production throughout the farm. In the process, *The Guide* undoubtedly encouraged the spread of essentially urban business attitudes out to the country.

18 Chipman's good faith in this rather paternalist approach to helping non-Anglo-Saxons to adjust was demonstrated by his involvement, in the early twenties, in the Canada Colonization Association. His involvement was motivated almost entirely by a desire to find ways to help new immigrants make as easy an adjustment as possible to their Prairie homesteads. In that regard he was particularly concerned to reawaken the spirit of mutual aid among the new settler's neighbours. See exchanges between G. F. Chipman, W. J. Egan and J. A. Robb. "T. A. Crerar Papers," The Douglas Library, Queen's University file "Chipman G. F., Sept. 1922 - Sept. 1924." Further reference to these papers will be abbreviated to T.A.C.

The *Guide*, of course, was also closely associated with the wave of reformist agrarian organizations that erupted in the Prairie region before 1914. It was supported financially by the grain growers' associations in the three Prairie provinces; T. A. Crerar, the president of the U.G.G., had general responsibility for the Public Press which published *The Guide*; most of the major early agrarian leaders contributed to its pages; and its enthusiasms were largely identical with those of the pre-1914 agrarian leadership. Such associations meant that *The Guide's* early reform sentiments were eclectic, drawn from a range of sources from western regional grievances, to Ontario Clear Grittism, to British Fabianism, to American Populism, to European agrarian radicalism. There was no sharply defined ideological viewpoint in these enthusiasms; rather, they might best be seen as an outgrowth of the optimistic euphoria involved in developing a new society many believed would be vastly superior to anything that had gone before.

Associated with agrarianism was a host of reform movements which Chipman and his superiors at first enthusiastically endorsed. The women's movement, for example, was strongly supported, not only in its limited goal of women's suffrage,¹⁹ but also in its broader aims of encouraging women to participate in economic and social organizations. *The Guide* stressed that women were vital in the operation of the farm, looking upon them as the probable bookkeepers for farm operations, as vital workers in poultry and market gardening, and as the basis of rural community life. Believing that rural women were not receiving adequate advice on child-rearing, *The Guide* devoted considerable space to dietary information, modern theories of education, and suggestions for the general improvement of rural family life. At first glance, the emphasis on homemaking might appear patronizing and motivated by a desire to secure subscriptions; but it was far more than that for Chipman who always regarded the awakening of women as essential for the revitalization of rural life.

¹⁹ Chipman's role in the suffragette movement was particularly important. See R. Cook, "Francis Marion Beynon ..." p. 193 and C. L. Cleverdon. *The Woman Suffrage Movement in Canada* (Toronto, 1950), pp. 47-48.

The cause of educational reform – broadly speaking the desire to implement Progressive educational ideas – was also strongly endorsed by *The Guide*. Given his background, Chipman naturally believed that a strongly centralized system was essential before true educational reform could take place. *The Guide* frequently featured articles by Prairie school inspectors who pointed out the virtues of rigorous testing, consolidated schools, diversified curricula, practical studies, and the “project” method. Editorials reinforced these views and called for a concerted effort in the West to develop rural schools responsive to the needs of the local communities, yet equivalent in standards to the best of urban schools. Chipman did not forget his early training or his belief that educational institutions would largely determine the future of the West.

In the years before 1922 the reform cause that attracted the most consistent attention after purely agrarian reform was the co-operative movement. The sources of this movement on the Prairies were diffuse, emanating from pioneering traditions of mutual aid, American and central Canadian precedents, the British co-operative movement, Continental – especially Danish co-operative experiments – and local or regional consciousness. Like many of the early co-operative leaders on the Prairies, Chipman and *The Guide* took an approach to co-operation that was more pragmatic than utopian, more exploratory than committed. Nevertheless, until the 1920s, *The Guide* printed articles on all kinds of co-operatives, encouraged co-operative buying clubs, stores, stocks marketing groups, silo construction co-ops and co-operative social organizations. In his early years, Chipman saw in co-operation one of the distinctive ways in which Prairie society would build a civilization superior to that anywhere in the world.

Many of the other reform sympathies of *The Guide* in its first dozen years have been well documented in other studies. W. L. Morton and F. J. K. Griezic, for example, have described the journal’s role in the Progressive political movement.²⁰ In that context,

20 See W. L. Morton, *The Progressive Party in Canada* (Toronto, 1950) p. 15 and F. J. K. Griezic, “The Honourable Thomas Alexander Crerar: the Political Career of a Western Liberal Progressive in the 1920s,” in S. M. Trofimenkoff, *The Twenties in Western Canada* (Ottawa, 1972), pp. 115-116.

the journal embraced or at least reported carefully on all of the political panaceas of the farmers' movement, including the single tax, initiative, referendum, and recall. It repeatedly - to the point of tedium - attacked the tariffs, the banking interests, the farm implements manufacturers, and the food trusts long vilified by agrarian protest leaders.²¹ The traditions associated with E. A. Partridge died slowly on the pages of *The Guide*, in part because Chipman long maintained a deep respect for his predecessor. Similarly, *The Guide's* role in the Social Gospel and Prohibition movement, discussed by A. R. Allen,²² J. H. Thompson²³ and R. Cook²⁴ needs no further elaboration. Thus, with the exception of socialist programmes for extensive state ownership, *The Guide* faithfully supported all of the main reform causes that developed on the Prairies before the early twenties.

In promoting these causes, *The Guide* featured several of the more prominent Canadian reform leaders who emerged between 1900 and 1919. In support of the women's causes its contributors and employed writers included Francis Marion Beynon, Irene Parlby, Nellie McClung, Violet MacNaughton, and Mary McCallum. In educational reform, it featured articles by Dr. Mary Crawford, J. T. M. Anderson, numerous teachers, and Chipman himself. In supporting the social gospel and prohibition, it relied on the writings of Salem Bland, H. D. Ranns, J. S. Woodsworth, William Ivens, and numerous evangelical agrarian leaders. In the co-operative and agrarian movements its pages featured articles by all the important leaders before 1922, W. C. Good, George Keen, J. J. Morrison,

21 Chipman played a major role in establishing the list of grievances of villains associated with Prairie regionalism. In fact, considering *The Guide's* persistent, powerful attack on tariffs, eastern financial interests, farm machinery manufacturers, railways, and land companies, he perhaps played the major role of all western leaders. For a statement of the views of this "most western of westerners," to use W. L. Morton's phrase, see his article "The Western Question," *The Grain Growers Guide*, December 4, 1912, pp. 28-29. See also his article "The Voice from the Soil," *The Canadian Magazine*, November, 1910, pp. 3-8.

22 See A. R. Allen, *The Social Passion, Religion and Social Reform in Canada, 1914-28* (Toronto, 1971), p. 21.

23 See J. H. Thompson, "The Prohibition Question in Manitoba, 1892-1927," unpublished M.A. thesis, University of Manitoba, 1969.

24 See R. Cook, "Francis Marion Beynon ..." *passim*.

Hopkins Moorhouse, William Irvine, E. M. Tousley, and William Maxwell. And to grace the writings of these idealists, *The Guide* for many years offered the drawings of Arch Dale, one of the most talented cartoonists in Canadian history. All told, *The Guide* from 1909 to 1922, reflected the views of the main-stream of Canadian rural reformers better than any other journal; indeed, it was the principal spokesman of the perturbed countryside.

The reform sympathies embraced by Chipman and his journal in those years possessed a strong national perspective. Through correspondence and frequent visits, Chipman retained, until the twenties at least, close ties with the Maritimes. Along with others prominent in the Prairie movements, he also maintained an extensive correspondence with leaders of the Ontario agrarian and co-operative movements. And, during the war years, he helped organize unsuccessful negotiations with the fiercely independent B.C. farm leaders over possible trading programmes between farmers in the two western regions. *The Guide*, developing a national perspective as a result of all these connections, thus saw itself increasingly as a spokesman for all Canadian farmers and not just those on the Prairies. Chipman himself, until the disruptions of the 1920s, believed deeply that the agrarian movement could become a national crusade which, along with the labour movement, would banish privilege and democratize Canadian economic organizations.

Chipman's own involvement in reformist politics started almost as soon as he became associated with *The Guide*. In 1910 he was a key leader in the farmers' march on Ottawa, helping to organize the train that carried most of the farmers to the city and to prepare the speeches read to the parliamentarians by the farm leaders. Afterwards, he edited those speeches in a pamphlet, *The Siege of Ottawa*, which became a basic reference for the subsequent, more militant, farm protests.²⁵ Through the war years Chipman played an important role in the awakening farmers' movement. He was a frequent speaker at farmers' gatherings not only in the Prairies

25 Over fifty thousand of these pamphlets were printed and apparently distributed by the Public Press. It was printed in 1911. For a description of the march and a suggestion of Chipman's role see *The Grain Growers Guide*, December 28, 1910, pp. 7- 8.

but in Ontario and the Maritimes as well. Gradually, as World War One progressed he became dissatisfied with the Liberal party partly because he ultimately supported a strong war effort, mostly because he objected to its economic and social conservatism. Consequently, he became a willing participant in the formation of the Progressive party, helping to draw up its platform and preparing some of its tracts. In a curious but not unusual way, he had managed to blend Anglo-Saxon pride, reform sentiments and western grievances into a rationale for supporting the Progressive outburst of the early twenties.

An important feature of Chipman's political activities prior to 1923 was his advocacy of a farmer-labour coalition. To some extent, his views were a continuation of E. A. Partridge's original hope that *The Guide* would serve as a bridge between reformers in the city and those in the countryside. Even more, they were the result of mingling with Winnipeg reformers such as Woodsworth, the Beynons, Nellie McClung, and Salem Bland. He admired their efforts among the city's poor, agreed with many of their proposed reforms, and saw merit in their critique of the existing economic order. When the Winnipeg General Strike first broke out, *The Guide* called on farmers to look sympathetically at the strikers' cause and to react critically to the interpretations offered by governments and *The Winnipeg Free Press*. As the strike worsened, his views and those argued by *The Guide* changed. Chipman became convinced that many strike leaders were mistaken and that several had revolutionary intent. When "Bloody Saturday" occurred, he thought that it had been precipitated by the strike leaders, and he was gratified at the victory for "law and order" that eventuated.²⁶

Notwithstanding the strike's outcome, and despite the attitude he and many farm leaders had taken to it, Chipman still worked for farmer-labourer unity after 1919. In 1922, when a Manitoba election became imminent, he tried to organize an urban progressive coalition to aid the organized farmers entering into political activities in the countryside. The coalition, institutionalized in the Winnipeg Progressive Association, contained urban supporters

²⁶ See *The Grain Growers Guide*, July 2, 1919, p. 5.

of the grain growers and some of the English-speaking leadership of the labour movement. It held a number of meetings in the spring and early summer of 1922 and nominated a slate for the proportionately-elected, multiple-represented riding of Winnipeg; George Chipman was one of its candidates. In June and July, as the election campaign gained momentum, the association was subjected to numerous attacks by Conservative and Liberal groups in Winnipeg, both of which felt their positions weakening. In the election, which was held on July 18, 1922, only one of the Association's representatives, R. W. Craig, was elected. Chipman, who proved to be the second most popular of the Progressive candidates, was narrowly eliminated in the city's proportional representation system: his only significant participation in politics had been hastily organized, controversial, and unrewarding.

Chipman's personal defeat in 1922 marked the beginning of the full-fledged retreat from reform for both himself and *The Guide*. The retreat in a sense had started with his acceptance of E. A. Partridge's decline in the grain growers' movement in 1912, and it could be seen in Chipman's growing support for the war as well as his ultimate rejection of the Winnipeg General strike. And yet, until 1922, Chipman and *The Guide* retained their enthusiasm for the agrarian cause, the co-operative movement, feminism, educational reform, prohibition, and the social gospel. In short, though the United Grain Growers had become obviously conservative, its journal still upheld the old commitments. Chipman's defeat, however, seems to have been a turning point, perhaps because it denied him the opportunity to become premier, a possibility widely rumoured before the election took place. As it turned out, the farmers selected John Bracken, well known in the countryside, not directly identified with the increasingly-controversial United Grain Growers, and untainted by personal defeat in the election. Bracken's selection also meant the decline of significant co-operation with the labour movement; a particularly cautious and conservative man, Bracken would thereafter rely for support upon a solid agrarian base and a blend of pragmatic urban conservatives; quite understandably, he would see little to be gained from the volatile, poorly-organized labour movement of urban Winnipeg.

The retreat from broad reformism that characterized Chipman's work after 1922 was also caused by the difficulties encountered by his work-place superior and close friend, T. A. Crerar. The two men were very similar in outlook, background, and ambition. *The Guide* faithfully and continually gave Crerar excellent publicity and played a major role in making him leader of the Progressives. Thus, as Crerar's disillusionment with the Progressive cause grew, as the split with Henry Wise Wood and J. J. Morrison became evident, *The Guide* became the voice of a faction, not the total agrarian movement. By 1922, the deep divisions within the political movement were evident and the pressures on Crerar were mounting. Chipman naturally felt some of the same pressures and they help to explain why he ultimately abdicated from his political activities. In 1922, amid the anxieties of the mounting Manitoba campaign, he confessed to Crerar:

In a much smaller circle I have had as you are aware many of the same difficulties that you are facing and I must confess that it pretty nearly worried the life out of me at times. However, I sort of got myself into a corner and had a heart to heart talk with myself on the matter and decided that the world would job along the same fifty or a hundred years from now as it is now, and so far as I was concerned I was not going to worry my life over it. Since coming to that conclusion I have had a mighty sight more pleasure in my company and the world has looked a lot brighter.²⁷

This remarkable change from Jack Canuck's quest for "The Perfection of Life" was caused by more than the political misfortune or limitations of the Progressives; it also stemmed from the suddenly vulnerable position in which he, *The Guide*, and the United Grain Growers found themselves as leaders of the agrarian and co-operative causes. The first generation of Prairie agrarian leadership, the generation which dominated the U.G.G. and the Saskatchewan Co-operative Elevators, had created remarkably effective enterprises and had drawn to themselves substantial power. In the process, they had aroused considerable opposition not only from their traditional critics in private profit enterprise but also from a matur-

²⁷ George Chipman to T.A. Crerar, March 23, 1922, G.F.C., vol. I: file "Jan. - Mar. 1922."

ing second generation of agrarian/co-operative leaders. The basis of the mounting criticism against the old "generation" had been evident in Prairie reform circles since the formation of the Grain Growers Grain Company. The principal sustained criticism was that the Winnipeg-based company was not sufficiently co-operative: it had failed to utilize a full dividend system, it had become a contented participant on the Winnipeg Grain Exchange, and it had gained the reputation of paying its officers high salaries.

Ironically, the cause that drew together most of the critics of the U.G.G. and its contemporary, the Saskatchewan Co-operative Elevator Company, was the pooling movement. The irony emanated from *The Guide's* role in encouraging since at least 1919 the study of the developing American commodity pools. *Guide* reporters, especially R. D. Colquette, were regularly sent south to report on the grain pools of the mid-west, the Sun Maid Raisin co-operative, and the other fruit-marketing pools of the west coast. The leaders of the older co-operatives even assisted, albeit belatedly, in bringing Aaron Sapiro, the prophet of the pooling idea, to Canada in 1922. And, when the drive to organize the pools began, the United Grain Growers loaned the necessary start-up capital to the organizing committees. It did not prove to be a wise investment; almost immediately, and much to the old generation's dismay, the U.G.G. and the Saskatchewan Co-op were confronted by a movement they could not control. Just as farmer militancy had created powerful institutions in a very short term little more than a decade earlier, so the militancy of the twenties created, with even more dramatic suddenness, yet another range of impressive marketing organizations.

The development of pools in several farm commodities was accompanied by considerable bitterness. Both the United Grain Growers and Saskatchewan Co-operative Elevators had had difficult internal histories since their formation, but both institutions had achieved equilibrium by the early twenties; they had also come under the control of powerful groups of individuals who supported each other and who managed to undermine any protesting elements that had emerged. In doing so, the dominant groups had often dealt harshly with their critics thereby creating growing

numbers of dissatisfied farmers. Thus, when the pooling principle emerged, several ostracized, aspiring leaders saw in it a way of gaining revenge on the tightly-controlled organizations that had repelled them. Conveniently ignoring the initial conciliatory approach to pooling offered by the U.G.G. and to a lesser extent by some officials of Saskatchewan Co-op, the new generation of farm leaders lost few opportunities to attack the old order.²⁸

Chipman was particularly vulnerable in the controlled warfare that soon emerged. Intellectually and emotionally, he had been committed for over a decade to the idea of a united agrarian movement; but, constitutionally he was poorly suited for the highly personalized atmosphere that soon pervaded the hinterland politics of the farm movements. Thus, the tensions that intensified in the twenties, associated with such pool organizers as Colin Bunnell in Manitoba, A. J. MacPhail in Saskatchewan, and Henry Wise Wood in Alberta, particularly affected Chipman. So too did the collapse of the organized farmers movement in B.C., Ontario, and the Maritimes. The disintegration in the Maritimes was particularly grievous because it involved the collapse of *The United Farmers Guide*, a Moncton-based journal promoted in 1918 and 1919 by Chipman. Finally, Chipman, like Crerar, was deeply disappointed by the disintegration of the national Progressive movement. Incredibly, so soon after having appeared immediately realizable, the dreams of national agrarian unity and of farmer-labour coalition had disintegrated. Their failure did much to daunt the enthusiasms that had once been so evident in Chipman's activities.

In the midst of these agonies of the years 1921-1923, the forty-year old editor was confronted by yet another deadening concern: *The Guide* and its proprietor, the U.G.G.-owned Public Press, encountered economic difficulties. There were several reasons for the decline: the recession in the farm areas of the west reduced advertising by farm supply companies; internally, Chipman could

²⁸ The struggles within the co-operative circles on the Prairies were more complicated than this description suggests. Perhaps the best introduction to the complexities is H. A. Innis (ed.), *The Diary of A. J. MacPhail* (Toronto, 1940). For an outline of the more important tensions, see I. MacPherson, "The Co-operative Union of Canada and the Prairies, 1919-1929," in S. Trofimenkoff, *The Twenties in Western Canada*, pp. 50-74.

not reduce expenses rapidly enough; revenue from contracted printing slumped for the Public Press; and the circulation of *The Guide* remained stagnant at 80,000 between 1919 and 1923. The downturn began in the spring of 1921 when the Public Press, after several years of continuous prosperity, suddenly started to lose money at the rate of \$2,000 per month.²⁹ Chipman quickly reduced costs by changing *The Guide* temporarily from a weekly to a semi-monthly; by replacing voluntary workers with commissioned agents in hopes of gaining more subscriptions and advertising; and by releasing forty employees, ten in the office and thirty in the printing plant.³⁰ While these measures helped, they did not resolve the company's problems. In 1922 and 1923 further reductions in staff were required, and in the former year all employees earning more than \$1,000 per year, including Chipman, had their salaries reduced.³¹ It would not be until 1926 that the press would return to its previously healthy economic position. By the early twenties, apparently, trying to serve the broad interests of all Canadian farmers was not only arduous; it was also bad business.

Between 1923 and 1929 Chipman, the Public Press, and the United Grain Growers gradually escaped from the economic difficulties they had encountered earlier in the decade. Their other problems, however, did not abate. Crerar's return to the Liberal party signified the failure of the Progressive political revolt and aroused the ire of co-operative utopians and group government advocates. The wheat pools, too, had emerged in part on an anti-U.G.G. bias and had a vested interest in keeping alive some of the old animosities. Similarly, other Prairie co-operatives, notably the consumer stores, resented the competition they received from the U.G.G.'s order department and became strong critics of the Winnipeg-based company. The most virulent source of anti-U.G.G. sentiment, however, lay in the United Farmers of Canada (Saskatch-

29 George Chipman to Fred Chipman, April 8, 1921. George Chipman Papers. vol. I: file "Family Correspondence, 1906 - 1921."

30 *Ibid.*

31 George Chipman to T.A. Crerar, April 19, 1926. T.A.C. Vol. II: file "Grain Growers Guide & Public Press, Sept. 1924 April 1926."

ewan Section). Influenced by agrarian socialists and committed to pure co-operative approaches, the U.F.C. scathingly attacked the U.G.G. for its non-co-operative features, its alleged aloofness, and its high-paid officials (of whom George Chipman was one). All of these active critics of the U.G.G. and, by implication, its journal, ultimately had their effects: as much as any other factors they undermined the Canadian Council of Agriculture, long supported by Chipman and the U.G.G. as the best hope for national agrarian unity; and, in 1929, the U.G.G. was finally forced out of the Co-operative Union of Canada, the voice of unity for English-Canadian co-operatives since 1909.

The retreat from reform sympathies caused by these disruptions was further hastened by the decline of several reform causes Chipman and *The Guide* had once supported.³² As the twenties progressed, the causes of the social gospel, the labour movement, prohibition, the women's movement, and progressive education declined, achieved limited objectives, or found progress difficult to achieve. Continuing poverty for some people, consumerism for a few, the fading of post-war idealism, and the rebirth of widespread cynicism reduced enthusiasm for these causes, and nowhere was the reduction better reflected than on the pages of *The Guide*. Increasingly staid and non-controversial, the journal continued to press for business agriculture and to complain against the domination of rural societies by Central Canadian businessmen and politicians. It did not, however, press for broad reforms as it had done before 1922; its stable of writers were more professional, less committed to causes, its coverage of even agrarian issues skirted many of the essential problems of rural life.

The Guide became, in short, the journal of an institution in the twenties. Technically, the association had always been there, but the increasing isolation of the U.G.G. after 1922 forced the journal into a narrow position. Essentially, *The Guide* became a company

32 One aspect of Chipman's life that may have been important but is not readily apparent, was religion. Chipman was a devout Baptist, like so many from Annapolis Valley, and he was active in Winnipeg Baptist circles for many years. It may well be that ultimately he simply reverted to concerns over more personal spiritual concerns as his interest in Christian social activism encountered obstacles and waned.

spokesman catering to liberal, generally more prosperous farmers in the West. Inheritors of an agrarian individualist tradition, Chipman and his journal retreated to this bastion, preferring experienced farm leadership to either massive government involvement or emotional crusades. Above all, they stressed the value of voluntary participation in group enterprise by independent farmers. Collective activities could improve regional well-being but they had to be based on enlightened self-interest, calm judgement, and strong leadership.

By 1926, it was clear that Chipman and *The Guide* no longer spoke for the main bodies of organized farmers in the West let alone the nation. As each of the new major marketing groups began to appear on the Prairies, each developed its own periodicals; in Saskatchewan the farming groups, especially the wheat pool, supported *The Western Producer*, a rapidly-growing and strongly reformist journal; in Alberta *The U.F.A.* became the main agrarian spokesman; and in Manitoba *The Scoop Shovel*, supported by the wheat pool and several other co-operatives, became a dynamic force. Each of these new periodicals quickly developed large numbers of subscribers, partly through individual subscriptions, mostly through block subscriptions purchased by provincial agricultural or co-operative institutions. From a position of unchallenged supremacy only a few years earlier, *The Guide* by the mid-twenties found itself in a suddenly intense competitive situation.

Recognizing the changing circumstances, Chipman started in 1926 to alter the focus of the journal.³³ Significantly, he realized that *The Guide* could not compete effectively against the new house organs established in the three Prairie provinces. Thus, he changed *The Guide* to allow it to compete with its more conservative journal *The Nor'West Farmer*, a glossy, farm family magazine with cautious editorials, few controversial articles, a considerable amount of entertainment value, and a remarkably successful advertising department. Also, partly in imitation of this successful farm magazine, Chipman emphasized in his reforms a commitment to all kinds of

33 It is a further measure of Chipman's growing conservatism that he could calmly, dispassionately plan the transformation of *The Guide*. See "Weekly or Semi-Weekly." T.A.C., vol. 101: file "Chipman, G. F., Nov. 1924 - July 1926."

farming not just grain growing. In 1927, the new format started to appear, to be completed under the name *The Country Guide* in 1928. The metamorphosis from a reform journal to rural family magazine was complete.³⁴

Chipman, however, was reacting to more than the changed circumstances of the U.G.G. when he undertook to alter *The Guide* during the twenties. He himself had changed. As the edges of his reformism became blunted, as the institutional and political tensions of the decade deepened, he retreated to the refuge of farming. Like Voltaire and Cincinnatus, albeit on a somewhat lower plane, he found sanctuary in his garden. Early in the twenties he had purchased a comfortable home on Montrose Street in River Heights. In 1926 he had purchased four acres in nearby Charleswood. Within the next four years he had added two more lots of land, bringing his Charleswood gardens to seventeen acres. To this farm he would thereafter devote much of his time not needed for operating the Public Press and *The Country Guide*.

Chipman's particular interests in the farm are of some significance. Rather curiously, in view of how agricultural technology and mass marketing practices were encouraging specialization in Prairie farms, Chipman became preoccupied in the late twenties with the diversified, nearly self-sufficient, old-fashioned family farm. Thus, in his Charleswood garden, he concentrated upon perfecting hardy species of fruit trees and ground fruits. A frequent visitor to experimental farms across the Prairies, he brought to his gardens some of the more exotic experiments of government and university botanists in Canada and the United States.³⁵ He also read widely in the writings of Gregor Johann Mendel and others so as to grasp principles of crossing plants; the result was a series

34 In 1936 *The Guide* and the conservative farm journal *The Nor'West Farmer* merged.

This development, though occurring after Chipman's death, was a natural product of the developments of the preceding fourteen years.

35 The American horticulturalist Chipman seems to have visited and corresponded with most consistently was Dr. N. E. Hansen, the director of the State Fruit Breeding Station in South Dakota. In his notes on an interview with Hansen in 1935 he wrote: "First time I ever met a man with greater enthusiasm on fruit growing or who could talk faster about it than myself." G.F.C., vol IV, "Horticultural Notes on Trips Taken and Conversations 1935," p. 19.

of unsuccessful experiments and one successful one: the Canadian Red Rhubarb plant, which became quite well known for its colour and full taste. His great ambition, though, was to produce an apple appropriate to the Prairie climate, “the million dollar” apple as he called it.³⁶ He never succeeded, much to his regret.

The search for different kinds of suitable orchard and garden crops was a hobby, an avocation, but it was also more; the quest was tied to Chipman’s ever deepening reverence for the institution of the family farm. Perhaps because that institution was acceptable to all and controversial to few, perhaps because the fifty year-old Chipman was wistfully recalling his youth, his later writings were nearly all tied to gardening and practical, diversified, agriculture. He was encouraged, too, in this interest by the Depression; a multi-faceted farm operation was one of the few securities in those troubled times, a form of protection as effective as any other for most Prairie farmers.

The increasing emphasis on the family farm placed Chipman solidly within the liberal stream of Prairie agrarians. This powerful group, the backbone of the U.G.G. and ultimately of the pools themselves, was characterized more by sentiments and self-interest than by precise ideologies or revolutionary zeal. In the first days of their protest they were captivated by truly charismatic leaders, the Partridges, the Sapiros, the McKenzies, the Woods. The institutions they founded were characterized by initially phenomenal growth; those same institutions, though, as Max Weber might have predicted,³⁷ soon became dominated by cautious management and reduced objectives. Size, growth, and organization can resolve some complex problems; in time they create their own.

As for George Chipman, he continued to edit *The Country Guide* until 1935. In December of that year, while hunting for rabbits that were eating the bark of his apple trees, he was killed, apparently accidentally, while climbing a fence. His death was widely

36 See “The Million Dollar Apple,” *The Country Guide*, 1934, p. 7ff. After the mid twenties the articles Chipman wrote for *The Guide*, usually two or three a year, were nearly always about horticulture.

37 See M. Weber, *The Theory of Social and Economic Organization* (New York, 1947) and S. N. Eisenstadt, *Max Weber on Charisma and Institution Building* (Chicago, 1968).

regretted as he had developed numerous friendships across the Prairies, and he was a particularly popular figure within the U.G.G.

In retrospect, there are many ways of placing George Chipman in perspective. He can be seen as a successful leader of a moderate reform movement in the early twentieth century; he can be called an astute journalist who articulated well the ideas and attitudes of a prominent stream of Prairie agrarianism; he can be called a decent business man who competently operated a large printing business in keeping with the “enlightened” business approaches of this time; he can be interpreted as a shallow idealist who sanctified the cautious reformism of the better-established farmers; he could be seen as a bourgeois and racist apologist who lived well off the farmers’ movement; he might even be dismissed, for much of his career, as merely a spokesman for T. A. Crerar. All of these interpretations have some validity, the amount depending upon the observer’s ideological framework.

There is, however, another one: in retrospect, Chipman was representative of a large contingent of eastern Canadians who moved westward at the turn of the century. Tantalized by the dream of building a new and hopefully fairer society in which they and all Canadians would prosper, they embraced a plethora of uplifting causes. The weight of these efforts, however, expressed frequently in cumbersome institutions and demanding movements, from co-operation to the social gospel, soon proved to be too exhausting. Holding the causes together, keeping the institutions expansive and responsive, proved to be too great a challenge in a Prairie society that had become bewilderingly complex. Ultimately, these large numbers of cautiously reformist Canadians were reduced to defending the more prosperous and successful enterprises they had started; and, as for their grand reform projects, they retreated to the romanticized but troubled arcadia of the family farm. “The Perfection of Life” sought by George Chipman’s Jack Canuck had proved to be too difficult.

Some Fortune and a Little Fame: Co-operatives as Ladders for Upward Mobility in the Canadian West¹

THE WESTERN CANADIAN co-operative movement has received some attention from historians over the years, but much of its impact remains undiscussed in the historiography of Canada's two western regions. It lies obscurely within general regional histories, virtually unnoticed in the general studies of British Columbia's past, and casually mentioned in the general Prairie studies only when it obviously touches on the grander themes of Prairie history: for example, the periodic outbursts of Prairie regionalism or the struggles for wealth in the grain trade, especially the frantic scrimmages of the early twentieth century. It is not surprising, therefore, that the movement's role as a ladder for upward mobility has gone almost entirely unnoticed.

In fact, while its idealistic side has been consistently evident throughout its history and should not be underestimated, the movement has always been associated with aspects of upward mobility, most obviously and publically in the economic and social benefits it has promised successive generations of westerners since the late nineteenth century. The movement has found, often to the chagrin of its more idealistic leaders, that its strongest appeal has been its promise to help members enjoy a richer life, most commonly conceived of as a richer material life. The co-operative model has consistently and most obviously offered some combination of better prices for what people have produced, such as grains, or lower prices for what they have had to purchase, for example, through co-operative stores. When it has been implemented effectively, it has delivered better, more economical services, whether it be through a credit union, a medical clinic, a "ring" to secure a better class of bulls, or a community curling rink. Each

¹ Published in *Journal of the West*, Spring, 2004, reprinted with permission.

year, it has provided the “dividend,” annual rewards for participation that for many families became, particularly in the movement’s early western history, eagerly awaited bonuses to help meet educational costs, pay down loans, buy equipment, finance trips, or purchase luxuries.

In short, the movement has generated billions of dollars of income for westerners over the last century. It has also made contributions that have been less easily measured. Untold numbers of unschooled workers and farm people have learned about business methods as they have attended annual meetings and served on boards of directors or committees. They have used that knowledge to manage their farm and home budgets better; in many instances, that is where they learned about budgets for the first time. Co-operatives have also been significant employers for those desiring to escape the drudgeries and uncertainty of farm work or the casual labour of the western resource industries; they have provided remunerative career paths for some employees, particularly because, until recently, co-operative organisations have tended to “hire from within.” The ladders of mobility have been within larger co-operatives as they have grown or through more specialized and better remunerated jobs developed within co-operative circles as employees have moved from smaller to larger co-ops.

Many westerners have also gained fame through their association with co-operatives. As democratic organisations, co-ops have provided opportunities for elected leadership to gain local, regional, even national and international, stature, along with generally modest compensation for what they have done. They have made it possible for “ordinary” farmers, fishers and workers to serve on the boards of multi-million dollar organisations and make decisions affecting the lives of thousands of Canadians; they have made it necessary for the leaders to make decisions that have significantly affected the course of regional economic development. Each year, co-operative gatherings have drawn local leaders – and often their families – from numerous communities to the main cities of the region to attend the annual conventions of second tier co-operative organisations – the pools, the wholesales, the credit union centrals. Those trips, which in many instances

otherwise might or could not have been taken, became for many families, especially for couples in the days when travel was more difficult, the main occasions for journeys to the delights of Winnipeg, Saskatoon, Calgary, and Vancouver. For the few who served on national co-operative boards – such as the Co-operative Union of Canada (today the Canadian Co-operative Association), the Canadian Co-operative Credit Society (today the Credit Union Central of Canada), Co-operative Trust, Co-operators Insurance Company – co-operative leadership has meant trips out of the region to Ottawa, Toronto, Montréal, and Halifax. And, for the most powerful leaders, it has meant meetings with the politicians and chief bureaucrats of the day, in Ottawa as well as provincial capitals, as co-operatives strove to be heard among the power brokers.

From its beginnings, the western co-operative movement has always been multi-faceted. As far as we know, the first specifically co-operative ventures in the West were consumer co-operatives and probably the first were in Victoria and Winnipeg in the 1860s and 1870s. From then on, co-operative stores became commonplace in the regional experiences. Europeans, especially the British, but also the Scandinavians, Ukrainians, and Italians, brought familiarity with co-operative enterprise as part of the cultural baggage. Prior to the advent of “alternative” stores of the 1960s, almost all the stores were managed by paid employees who were usually poorly paid as store struggled to find stability. As they prospered, stores paid managers and staff better and many stores became bastions of community economies. Some of the managers became leading figures in their towns and several gained provincial and regional reputations for their work. Managers like Harry Ketcheson in Davidson, A.P. Moan in Wetaskiwin, and William Halsall in Killam became successful co-operative entrepreneurs and key leaders within their provincial movements in the years when the wholesales were struggling to achieve stability; in fact, all three played significant roles in the development of the regional wholesales.² By the 1950s there were over 1,000 stores in west-

² See Brett Fairbairn, “Ordinary and Exceptional: Leadership in Prairie Consumer Co-operatives, 1914-1945,” Brett Fairbairn, Ian MacPherson and Nora Russell, *Canadian Co-operatives in the Year 2000* (Saskatoon: University of Saskatchewan, 2000), pp. 80-96.

ern Canada, many of them important employers and centres of influence in their communities. That pattern remains. By the year 2000 amalgamations and the closure of communities had reduced the number of stores to 334 but they still represented a significant force in the regional economies,³ particularly in small towns and rural communities where they are the strongest⁴ – with the major exception of the Calgary Co-operative with its members, 22 stores, 370,000 members and 40% share of the city's retail trade.⁵

Like most forms of co-operatives, the stores organized second tier organisations to meet their common needs, in their case wholesales to purchase goods and to manufacture products for sale. There is a long history of the efforts to create the wholesales admirably summarized by Brett Fairbairn.⁶ It shows how local stores, often fiercely independent and proud manifestations of local resourcefulness, gradually merged their interests to form provincial co-operative wholesales and then through a process of amalgamation a create a single wholesale for western Canada, Federated Co-operatives, with its headquarters in Saskatoon. Federated has entered into manufacturing of consumer goods and it owns a saw mill at Canoe, British Columbia. It has built upon the determination of some farmers in the 1930s to find cheap ways to manufacture their own petroleum needs to become one of the most important Canadian-owned oil refineries in the West. Federated became one of the most successful businesses in Western Canada, and it still reflects the capacity of co-operatives to empower people from local communities: its board is drawn largely from small towns and farms not office towers in the nation's big

3 The [then] last statistical analysis carried out by the Co-operatives Secretariat for the provincial government, *Co-operatives in Canada* (Ottawa: Government of Canada, 2001), uses 1999 data. It shows that the 334 consumer co-operatives in Canada belonging to Federated Co-operatives had more than 1,000,000 members and had a total business of \$2,600,000,000 (ps. 2, 8).

4 Many co-ops have developed strong niches in the smaller dying communities of the region: for example, those doomed by the closure of railway branch lines or the closure of a mine, leading to a common, rather poignant joke: "would the last person out of town please turn out the lights in the co-op?"

5 *Annual Report*, Calgary Co-operative, 2001, p.3.

6 Brett Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928-1988* (Saskatoon: Western Producer Prairie Books, 1989).

cities. Its management, most of whom started in small stores throughout the regions, is still largely home grown.

The elected leadership from the consumer co-operatives have also played central roles within the co-operative sector and within public debates. Eric Rasmussen from Manitoba, James McCaig, George Urwin Lewis Lloyd and Vern Leland from Saskatchewan, Russell Love from Alberta, and D.G. Macdonald from British Columbia were among the most influential co-operative leaders in Canada during the twentieth century. The key management personnel, such as Walter Popple in Manitoba, Harry Fowler, Robert McKay, Bill Bergen, Pat Bell, and Wayne Thompson in Saskatchewan, William Halsall and Ted Mowbrey in Alberta, Les Phillips and Barney Johnsrude from British Columbia, were instrumental in whatever successes and shortcomings their movements experienced. They have played central roles in shaping the regional consumer movements and in positioning them within the regional economies; they were all, in their different ways, co-operative entrepreneurs who learned how to work, for the most part with significant success, through the often complex dynamics of co-operative enterprise.

The agricultural co-operative movement, of course, has been the best known and, until recently, the most powerful of the regional movements. After sputtering beginnings in the 1880s and 1890s, the movement took off in the new century. The most vigorous experiments were in the grain economy, first in provincial experiments with co-operative marketing prior to World War One, then amid a regional “revolution” in the pooling crusades of the 1920s. Almost overnight, these co-operative vehicles provided access to power, influence and reasonable income for large numbers of westerners. The pool agent in some 2,000 elevator points was a figure of some local significance: he was in touch with the markets, he was the distributor of key information, the convener of local meetings, and he was the fount of wisdom and gossip in the winter months as farm families brought their grain to market or as communities gathered for curling bonspiels and church suppers. The elected farmer representatives on the local pool committees shared information gathering and distribution responsibilities

with the pool agent and joined him at the lengthy meetings in Winnipeg, Regina and Calgary that broke the winter monotony; they became members of what were known at one time as the Parliaments of Western Farmers, the annual meetings of the pools.

For the fifty to sixty people elected to the boards of the three wheat pools, the transformation could be striking indeed. Suddenly, they found themselves attending monthly meetings at what became large head offices of organisations representing from 1/3 to 2/3 of the grain growing families of their provinces.⁷ They were making policy decisions for companies with thousands of employees, elevators in most of the rural communities of their province and mammoth grain elevators on the Pacific coast and at the head of the Great Lakes. They were working on collaborative ventures for the purchase of fertilizers and the distribution of farm inputs that were measured in the millions of dollars. They were providing important direction to governments on the orderly marketing of grain, the operation of the Wheat Board, and farm/rural policy in general; in the case of the Saskatchewan Pool, in particular, they were offering advice on a wide range of rural issues, from educational reform to women's concerns, from transportation policy to rural health care.⁸ Particularly in the early years, when many Prairie farmers grasped the possibilities of the co-operative enterprise and the political power co-operatives could represent better than do their descendants, the range of topics was almost endless. Some of the leaders of the pools became powerful leaders within both the co-operative and farm movements of their day. Tom Crerar and "Charlie" Dunning, emerged out of the first days of co-operative enthusiasms in the early years of the twentieth century to become powerful politicians, Crerar in Ottawa and Dunning in both Regina and Ottawa. The Presidents of the pools, notably such figures as Leroy Larson, Charley Billings, Ted Turner and Jack Wesson became major figures in provin-

⁷ When the pools were first organized, they represented about a third of all the grain growers in the three Prairie farmers. At their height in the early 1990s they represented about 66%.

⁸ Garry Fairbairn, *From Prairie Roots: The Remarkable Story of the Saskatchewan Wheat Pool* (Saskatoon: Western Producer Prairie Books, 1984) offers descriptions of the diversity of interests typical of that organization, for many years a passionate defender of rural life

cial politics, usually with direct access to the premiers, and widely consulted on matters of rural and agricultural policy.

There was more to agricultural co-operation in the West, though, than the wheat pools. In Alberta, the United Farmers of Alberta formed a co-operative that entered very successfully into the farm supply and petroleum businesses and went on to become a significant business success in the province, working through outlets that became fixtures in many Albertan communities. Egg and poultry co-operatives started to emerge in the 1920s, giving some measure of market influence to producers, many of whom were women, particularly in the years before the industry became dominated by large producers.⁹ Shortly thereafter, dairy and honey producers in all four provinces created co-ops to improve their income, and by and large they were successful. Some of the livestock producers in the two regions also formed co-operatives, although the majority of them did not; as in many other parts of the world, livestock producers tended to be stubbornly individualistic in their attitudes and did not easily join mutually based organisations. While their scope was smaller than the grain co-operatives, the returns this wide range of agricultural co-operatives provided to their members was no less important than what the larger grain co-operatives delivered to theirs; the opportunity to hold meaningful positions as selected by your peers was no less satisfying to their leadership.

In British Columbia many dairy and fruit producers found similar value in their co-operatives. In the Fraser Valley in the 1920s and on Vancouver Island two decades later, dairy producers banded together to control the production of dairy products, to purchase supplies and to lobby government for the kind of legislation they desired.¹⁰ The main agricultural co-operative efforts, though, were to be found in the fruit industries, particularly in the Okanagan Valley but also in the Fraser Valley and Vancouver Is-

⁹ See Rudolph G. Marchildon, *The Women's Section of the Saskatchewan Grain Growers' Association*, unpublished Masters of Arts thesis, University of Victoria, 1981.

¹⁰ Ian MacPherson, "Creating Stability Amid Degrees of Marginality: Divisions in the Struggle for Orderly Marketing in British Columbia, 1900-1940", *Canadian Papers in Rural History*, Vol. 7 (Ganaonogue: Langdale Press, 1990), pp. 309-333.

land.¹¹ During the adversity of the Great Depression, the orchardists of the Okanagan, in collaboration with some of the dairy producers, accumulated sufficient social and political power to force the federal and the provincial governments to introduce legislation for the orderly marketing of farm produce, primarily through the aegis of marketing boards.¹² Throughout the orchard and small fruit country, therefore, over thirty co-operatives appeared to serve the needs of farm families.

That legislation, which ultimately governed several farm commodities, brought a measure of prosperity to much of the B.C. countryside. It also contributed to a period of prosperity for many co-operatives, prosperity that would last until the drastic reshaping of the agricultural marketing systems that began to unfold during the 1980s and 1990s. Consequently, as with the Prairie co-operatives, co-operatives provided returns to their members that made them more prosperous than they otherwise would have been. Individuals created careers working for the co-operatives, managers of the local fruit marketing co-op played much the same role as the Prairie pool agent, and those who served on the boards gained community status as well as the opportunity to serve on area or provincial bodies and to speak on behalf of their co-operative organisation(s) to government officials. For many, these opportunities all involved significant steps beyond the security of the farm gate; they might mean significant improvements in income and enhanced stature in their communities.

Arguably, though, the kind of co-operatives that brought the most upward mobility to the Prairie region was the credit union. Although there had been informal financial co-operatives before 1929, it was the Great Depression that ushered in the rapid growth of credit unions in all four western provinces. In their earliest manifestations they were hardly impressive harbingers of prosperity and respectability.¹³ The stories are legion of the credit

11 David Dendy and Kathleen M. Doyle, *A Fruitful Century: The British Columbia Fruit Growers' Association, 1889-1989* (Kelowna: British Columbia Fruit Growers Association, 1990).

12 Ian MacPherson, "An Alternative Voice: The Reorientation of the Canadian Farmers' Movement, 1935 to 1945", *Historical Papers*, (Toronto: Canadian Historical Association, 1979), pp. 164-181.

13 A number of books document the development of credit unions on the Prairies,

unions (they once numbered over 1,200 across the regions) that started as savings kept in shoe boxes at the back of pool offices, in the bed rooms of co-op enthusiasts at the end of a farm road, in a filing cabinet of the local co-op store, and beside the books in the parish office of the Roman Catholic church. Many of the stories are even true since, while some of the first credit unions were among office workers, police and teachers with access to more secure places, most of them were formed by people who did not.

From their humble beginnings, credit unions went through a series of stages that drew them into steadily more sophisticated and reputable circumstances. From kitchens, cupboards, shoe boxes and filing cabinets, they moved to their own premises, at first on the back streets of towns or whatever vacant rooms they could find in villages.¹⁴ From volunteer secretary-managers they moved to paid staff, at first usually part-time. Since so many credit unions were started by so many different kinds of groups and because distances were reduced as transportation became easier, it was not possible for all of them to make these transitions, so by the 1950s, a process of amalgamation took place that allowed credit unions to open their own offices, typically on the main street of the communities where their members lived. One can follow the process in architecture as credit unions adopted the buildings and interior designs typical of the banking industry, though often with softer tones and more welcoming layouts.

The people associated with credit unions also changed; many of them also moved up town. As credit unions grew larger and had more deposits to worry about, as they entered into more complex business such as mortgage lending, they needed more qualified people. As they became fixtures of mainstreet, they attracted more people from the middle class or encouraged old members in their upward mobility. It was common for founding members in credit unions, people drawn from marginal farms

including the following: Arthur E. Turner, *Forging the Alternative: A History of the Alberta Credit Union Idea* (Calgary: Credit Union Central, 1984); Christine Purden, *Agents for Change: Credit Unions in Saskatchewan* (Regina: Credit Union Central, 1980); and Ian MacPherson, *Co-operation, Conflict and Consensus: B.C. Central and the Credit Union Movement to 1994* (Vancouver: B.C. Central Credit Union, 1995).

¹⁴ For example, see MacPherson, *Co-operation, Conflict and Consensus*, pp.78-109.

or low paying jobs, to seek out employment in credit unions. Many of the original secretary-treasurers or managers “grew into” full-time jobs as paid managers; in fact, that was the norm in the 1940s. Not until credit unions became larger in the 1960s and 1970s would a competing stream of managers become available from finance and trust companies as well as the banks.

The role of the credit union leader in the rural communities and small towns of western Canada quietly became more prominent and more important. Most credit unions had deep bonds to their communities (a declining number were the closed bond credit unions among employees, ethnic groups and churches, as was the norm in the United States and parts of Ontario). These bonds meant that credit union managers were soon among the most important business people in their communities and often among the best remunerated; they meant also that the elected leadership was drawn from increasingly more respected people or they were people who had gained widespread respect in part because of their contributions to the credit union.

As the credit unions grew, their central organisations also became more important. By the 1970s, they had all built large edifices in at least one of their province’s major cities, usually the capital, so credit union officials could more easily lobby government. The managers of the central credit unions became important figures in the provincial economies though many of them had come from humble backgrounds. Central managers like Barney Johnson and Norm Bromberger in Saskatchewan, George May and Peter Podovnikoff in British Columbia, Baldur Johnson in Alberta and Barney Martin in Manitoba were important figures in their provinces with access to the key provincial politicians and, in all instances, important roles within the national co-operative financial system. A few of them, most notably Norm Bromberger, became important in the bigger world of national finance policy. Within only a few decades, credit unions had become the most important indigenous financial system in western Canada, the only real alternative to the financial institutions owned primarily by investors outside the regions. In a sense they had become part

of the “main stream” and established circles of western Canada themselves. They brought a lot of westerners along with them.

There were other ways in which co-operatives fostered upward mobility among their members in western Canada. A small grouping of co-operatives, most of them in Northern Saskatchewan, allowed some Aboriginal people to enter into market place through the catching and sale of fish, though that story has yet to be fully researched.¹⁵ A few credit unions in the 1970s, most particularly CCEC Credit Union in Vancouver, were organized specifically to provide financial services to people, many of whom had incomes too low to be of interest even to other credit unions.¹⁶ Still other credit unions, notably Assiniboine in Winnipeg, Vancouver City Savings in Vancouver, and Pacific Coast in Victoria, developed special programmes in the 1990s aimed at lower income people. Housing co-operatives sprang up in the urban areas of western Canada in the 1970s and 1980s to create neighbourhoods made up of people of mixed incomes but including many who were on low incomes. It was the regional manifestations of an effective social housing programme that was discontinued by an unsympathetic federal government during the 1980s and 1990s. All of these efforts, although they achieved limited success, provide some evidence that the movement, while most successful in meeting the needs of the farm, labouring and middle classes, could still reach out to some low income Canadians in creative and useful ways.

Understanding the role of co-operatives in promoting upward mobility by thinking about specific sectors developments, though, tells only part of the story. Co-operatives are formed by groups of people, so it is not surprising that in western Canada they reflect the remarkable ethnic diversity of the regions. One can discern a strong British flavour amid the early leadership of the regional movements, especially the consumer co-operatives, but that soon was overwhelmed by people from other ethnic backgrounds. Perhaps the most remarkable was the Mennonites, not only of south-

15 During the 1960s and 1970s other efforts at encouraging co-operatives among Aboriginal people in the southern Prairies and in British Columbia were not successful.

16 See MacPherson, *Co-operation, Conflict and Consensus*, pp. 185-186.

ern Manitoba but also in other parts of the West, in Saskatoon, Edmonton, and the Fraser Valley. More recent German immigrants were important to the stability of other credit unions in Vancouver and Dawson Creek. So too were Doukhobours who became the backbone of several credit unions in the Kootenays, most notably the one in Grand Forks. Ukrainians brought a strong tradition of co-operative banking with them and developed a string of credit unions across the region reflecting their political divisions and the timing of their various migrations. Much the same was true of Polish immigrants only to a lesser extent. Among Asian-Canadians, the Japanese were particularly resourceful in developing marketing co-operatives before they were forced off their lands during World War Two.¹⁷ In recent years, Koreans, Filipinos, and Sikhs have also found co-operative structures useful in meeting needs for banking services, medical services and job creation.

Within all these stories of co-operative development by different ethnic communities, a common pattern can be discerned. Most immigrants to Canada throughout the twentieth century had limited access to, or no familiarity with, the institutions – governmental, private, and business – that made life easier for the Euro-Canadians whose ancestors had come earlier. They needed financial institutions, they needed ways to accumulate resources or provide services in ways that were familiar to them: co-operatives became a common way in which they could do so. Thus co-ops became important strategies for them in adjusting to what often must have appeared to be the strange and aloof ways in which Canadians conducted their lives.

While the record has not been adequately researched, women did make some use of co-operatives in their quest for greater wealth and power. The ties between co-operative organisations and women's movements in the first half of the twentieth century was important, though the really important ties were with the associated farm movements. Some women gained a measure of

¹⁷The story of how Japanese-Canadians used co-operatives is only now being told largely through the efforts of Laura Sjolie, a researcher at the British Columbia Institute for Co-operative Studies. Some of the results of her work can be seen on "The Galleria" located on the BCICS web site (<http://bcics.org>).

financial independence and institutional power in the egg and poultry rings as they emerged. There were partly successful efforts to develop co-operative women's guilds from the 1930s through the 1960s.¹⁸ Women played important roles in the early stages of the credit union movement as secretary-treasurers and board members. Women have played central roles in the co-operative housing sector and the child-care co-ops of Western Canada. In recent years women can be found in some of the most important elected positions in a few of the major co-operatives,¹⁹ but not anywhere near proportionate to their membership; in fact, the record for women holding important leadership positions within the main stream co-operative sector is not better than competing firms in the private sector. The record of women using co-operatives as tools for upward mobility is not without its successes, but it is has always been more a matter of promise than concrete accomplishments.

All told, then, the western co-operative movement has demonstrated a widespread capacity for assisting people to move upward in their social and economic well being. It has done so through its general message of self-help, its successes in various kinds of co-operative enterprise, and its appeal based on class, race and gender. It is arguably the most powerful reason for the diverse and general success the co-operative movement has achieved across the two regions of Western Canada.

18 Leona Theis and Lou Hammond Kettilson, *Research for Action: Women in Co-operatives* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 1994).

19 The first woman in western Canada to hold the presidency of a major co-operative organisation was Sylvia Pritchard, who became president of Credit Union Central of British Columbia in 1998.

Missionaries of Rural Development: The Fieldmen of the Saskatchewan Wheat Pool, 1925-1965¹

MORE THAN MANY economic activities, farming is an exercise in life-long education. Farmers learn their crafts in three basic environments. First, they are taught methods and values in the informal environments of home, farm, and community; from their parents and relatives they learn what has worked on their farms and from their communities they learn about the practical limitations and marketing possibilities of their regions. Second, most farmers gain at least part of their training in formal educational institutions: high schools, universities and agricultural colleges. Finally, farmers receive instruction in nonformal educational programmes, particularly folk schools, training programmes, and extension services developed by farm organizations and groups.² This paper explores one nonformal educational programme, developed within the Saskatchewan Wheat Pool during a crucial period in the history of the rural Prairies from the mid-1920s to the mid-1960s: a time when the region moved from boom to bust to boom and from yeoman farmers to agribusiness.

During World War I the promise of the Prairie farm lands seemed to have been realized. As the war reduced the production of grains in Europe and as demand for wheat steadily increased, the federal government in 1917 organized central marketing of wheat through the Canadian Wheat Board. The Board functioned for three years, and its operation coincided with the highest prices

1 Co-operative movements and some co-operative organisations embrace a wide variety of activities. The Saskatchewan Wheat Pool in its heyday was one of these and its field force was one of the most co-operatively-creative groups in Canadian co-operative history. This article, which originally appeared in *Agricultural History*, Spring 1986, is reprinted with permission.

2 For a fuller discussion of nonformal education see R. G. Paulston, *Other Dreams, Other Schools: Folk Colleges in Social and Ethnic Movements* (Pittsburgh: 1980).

for wheat to that time in history – between \$2.50 and \$3.10 per bushel, No. 1 Northern in store at the Lakehead terminals.³ When the Board, at the insistence of the grain merchants, ceased operations in 1920, prices began to fall. While partly the result of the end of orderly marketing, the fall was also associated with a serious recession that swept Canada and much of the world in the early 1920s. In 1922 the Home Bank, “the farmers’ bank,” failed with serious repercussions all across the Prairie region. Between 1921 and 1923, unemployment also rose in the region’s towns and cities, and, even though urban radicalism had been repulsed in the Winnipeg General Strike of 1919, reform sentiment continued to be prominent in western labor centers. Indeed, much of the radical perspective that swept through rural circles came from the ideologies of labor groups, and for a while there was an uneasy but effective alliance of laborers and farmers – the “universal Sons of Toil” – in the Progressive movement, a national agrarian crusade that was particularly strong on the Prairies.⁴

Borrowing heavily from American sources, the Progressives stood for a more democratic society based on universal suffrage; an enhanced role for women; the initiative, referendum, and recall; the abolition of the Senate; and orderly marketing of farm produce. In 1921 the Progressive movement, drawing support largely from Ontario and the Prairies, became the official opposition in Ottawa. On a provincial level, it formed governments in Ontario (1919), Alberta (1921), and Manitoba (1922).⁵ In Saskatchewan the Liberal party, under the leadership of C. A. Dunning, a strong leader of the countryside, essentially adopted the key Progressive platform points and became a farmers’ government. The successes achieved by the Progressives encouraged Prairie farmers to attack the marketing issue when the government

3 See C. F. Wilson, *A Century of Canadian Grain: Government Policy to 1951* (Saskatoon: 1970), pp. 57-115 for a full discussion of the impact of the Canadian Wheat Board and the War.

4 For the most complete description of the Progressives, see W. L. Norton, *The Progressive Party in Manitoba* (Toronto: 1950).

5 The standard references on these provincial governments are E. C. Drury, *Farmer Premier, Memoirs of the Honourable E. C. Drury* (Toronto: 1966); W. K. Rolph, *Henry Wise Wood* (Toronto: 1950); and J. Kendle, *John Bracken: A Political Biography* (Toronto: 1979).

announced the end of the Wheat Board in 1920. Different leaders and farm groups put forward various adaptations of federal government, joint federal provincial government, or voluntary systems of marketing.⁶ The issue proved to be a particularly divisive one for the generation of farm leaders – T. A. Crerar, Henry Wise Wood, C. A. Dunning, E. A. Partridge, and W. R. Motherwell – who had emerged to lead the Prairie farm movements before and during World War I. These leaders were incapable of working out a unified programme, and increasingly they found themselves under attack by a younger, more radical, and impatient generation of farmers who would be satisfied only by the return of orderly marketing.

It was to that environment of economic unrest, personality rivalries, and institutional disruption that Aaron Sapiro was invited in 1923. Sapiro's work with American grain growers and California citrus fruit growers was well known in the Canadian West even before he came. From at least 1919 onward, Prairie agrarian journals like *The Grain Growers' Guide* and *The Progressive*⁷ published reports on his efforts in the United States; they also reported consistently on the pooling movement then sweeping Australia and New Zealand. Sapiro's speaking tour on pooling, arranged hastily in 1923, became a crusade. He spoke to overflow crowds in arenas, theatres and fairgrounds; he built on the accumulated frustrations of the previous few years and a tradition of agrarian radicalism that reached back into the 1880s.⁸ He made another tour in 1924, a tour that was even more successful than the first. For years afterward, the Sapiro tours were remembered with awe and affection. The journalist Pat Waldron, for example, recalled:

He was the most inspiring, invigorating speaker I've ever heard. He moved, he played on that audience like an artist. He controlled their emotions, they

6 See Wilson, *A Century of Canadian Grain*, pp. 183-204.

7 Articles on pooling began to appear in *The Guide* in May, 1919. *The Progressive* was a newspaper that supported the more militant, radical farmers; it became *The Western Producer* in 1924 when it was taken over by the Saskatchewan Wheat Pool.

8 See B. McCutcheon, "The Birth of Agrarianism in the Prairie West," *Prairie Forum* 1 (1976) pp. 79-94.

yelled and cheered. He could do anything with them. I never saw anything to equal what Sapiro could do on a platform.⁹

Even the worldly wise and somewhat cynical historian, Frank Underhill, in 1924 a young instructor at the University of Saskatchewan, was profoundly moved after listening to one of Sapiro's speeches. He later called Sapiro "the greatest evangelical speaker" he had ever heard; he was equally convinced that what he had witnessed that year was the kind of frontier democratic outburst Frederick Jackson Turner had believed was fundamental to North American history.¹⁰

Aside from the mechanics and the principles of pooling, Sapiro's message was essentially simple: it was the message of organization and self-help. As he put it in his speech in Saskatoon:

... leaders were not created by God to exploit you. They were created, if for anything, either to bring you the light or get out of your way to let you see the light! I am against a Farmers' Union movement to pool wheat! I ask only for a wheat pooling movement by the farmers of Saskatchewan. Is that clear? I am against any group of men who get the attitude that they are going to oppose pooling unless it is pooling through their machine. I think that groups of men ought to get a change of heart. This is a problem where the Saskatchewan businessman, the Saskatchewan banker, the Saskatchewan press, the Saskatchewan minister, the Saskatchewan lawyer, the Saskatchewan doctor and the Saskatchewan farm organization sought to be walking alongside to solve the problem. You have enough brains in Saskatchewan to solve any question under the sun, you have enough money, enough weight, enough farmers, enough organization here — what you need is UNITY! You cannot get unity by having one group swallow up another group; you must rise above your groups! Your chief need today is co-operative marketing; but even behind that your real need is such a spirit of harmony, such a spirit of bigness, that you will all start in to work together to solve the problem that cannot be solved unless you do work together. I ask you to approach it in that spirit.¹¹

9 G. Fairbairn, *From Prairie Roots: The Remarkable Story of the Saskatchewan Wheat Pool* (Saskatoon: 1984), pp. 24-25.

10 Interview with the author, June 1967.

11 S.W. Yates, *The Saskatchewan Wheat Pool: Its Origins, Organization and Progress, 1924-1935* (Ed.) A. S. Morton (Saskatoon, n.d.1), pp. 76-77.

It was this emphasis on self-help and self-reliance that most stirred the minds and hearts of western farmers. Sapiro, of course, was not the first to carry this message. It had been fundamental to the rise of the first wave of major co-operative institutions - the Grain Growers' Grain Company, the Saskatchewan Co-operative Elevator Company and the Alberta Farmers' Co-operative Elevator Company¹² - organized before World War I. During the intervening years, however, the first wave of co-operatives had gained a reputation for aloofness, for being dominated by small cliques of leaders who no longer represented the wishes of the ordinary farmers.¹³ Thus, Sapiro's message complemented the critique of the older co-operatives that had become widespread on the Prairies, and it reinforced the growing feeling that rural people needed to find new ways to assert their influence.

When the Saskatchewan Wheat Pool was organized during 1923 and 1924, therefore, the organizers were committed to creating a co-operative with a deep and structural commitment to member control. Consequently, they organized the pool so there would be three channels through which membership views would reach the board of directors and affect policy. First, at each elevator point, committees of eight or nine were elected by the members to advise the elevator agent and to become familiar with company policies. Each committee sent as many representatives as possible to one of 160 subdistrict meetings held each year; these meetings in turn selected a delegate to attend the co-operatives' Annual General Meeting - often called the province's Farmers' Parliament - held each autumn in Regina. Second, the delegates were divided into sixteen equal geographic groupings, each of which elected a director for the Pool Board of Directors. These directors, as well as setting policy and supervising management, were expected to spend considerable time visiting committees and meeting ordinary pool members. Third, shortly after the Wheat Pool's formation and at the direction of the membership, the Board of

12 The Grain Growers Grain Company and the Alberta Farmers Co-operative Elevator Company amalgamated in 1916 to form the United Grain Growers Company.

13 See I. MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1909-1945* (Toronto: 1979) pp. 72-74.

Directors created a Field Service Department consisting of sixteen District Representatives (commonly called fieldmen),¹⁴ one for each district as originally organized for the election of Directors. In addition, the Pool hired fieldmen to work among non-English-speaking farmers; during the 1920s the numbers varied from one to three, hired in most instances on a part-time basis as needed. Ideally, these three communication conduits were to work together harmoniously (and for the most part they did) to ensure that there was effective and continuous two-way communications linking the board and management with the co-operatives' rank-and-file membership.

In many respects, though, it was the fieldman who was the vital link in the communication process. He took the initiative in organizing and restraining the wheat pool committees. Even more often than directors, he was the person who explained pool policies on grading, pricing, and shipping to members; even more than the local elevator agent, he had a broader view of the company's operations, problems, and issues. In the early years, too, the fieldmen were the chief organizers for the co-operative; indeed, most of them had originally become known during the signup campaigns of 1923-24. In effect, they were among the most successful of the small army of evangelists who had scoured the countryside gaining five-year marketing commitments from farmers. Much of their work in the late 1920s continued to focus on signing up new members and carrying the pooling message into areas inadequately canvassed in the first campaigns. During the late 1920s, and despite conflicting views among pool leaders, the Pool Board ordered the fieldmen to become organizers for the 100 percent pool campaigns. These campaigns, stimulated by

14 The Division was named as follows: 1925-1931, Field Service Division; 1931-1932, Field Organization Department; 1932-1966, Country Organization Department. The fieldmen formally were called as follows: 1925-1926, Field representatives; 1926-1927, Field men; 1927- 1928, Field force workers; 1928-1931, Field men; 1931-1933, District representatives; 1933-1934, Country organizers; 1934-1935, District representatives; 1935- 1936, Field services representatives; 1936-1937, Field representatives; 1937-1938, Field servicemen; 1938-1941, District representatives; 1941-1942, Field men; 1942-1943, District representatives; 1943- 1944, Field men; 1944-1946, District representatives; 1946-1966, Fieldmen; 1966-1974, District representatives. (See S.A. Robinson, "The Changing Role of the Field Men," unpublished M.A. thesis, University of Saskatchewan, 1981, p. 171.)

return visits by Aaron Sapiro, were efforts to force the provincial and federal governments to create a centralized grain marketing programme to market all the grains produced in the region.¹⁵ The campaigns failed to win the desired result, though they carried a plebiscite of pool members.¹⁶ From the perspective of the fieldmen, the campaigns kept them involved in intensive organizational work. They were continuously on the road, exhorting local meetings and trying to convince ordinary farmers to support the 100 percent pool concept. In the same years they also spent considerable time: explaining the pool to members who had joined without understanding fully how the organization worked; in making sure that members fulfilled their obligations to market only through the pool; and, perhaps most importantly, responding to attacks on the pool by its competitors.¹⁷ In short, the kinds of work they undertook in the late 1920s made it impossible for the fieldmen to become merely salesmen of pool contracts or public relations agents for pool customers.

The signup and 100 percent pool campaigns also served as screens to limit the kinds of men who became fieldmen in the early years. They were a group of natural leaders. Of the approximately twenty-five fieldmen in the 1920s,¹⁸ all were farmers or the sons of farmers; many of them had been settlers. Most were born in Canada, but five were known to have been born in foreign countries – three in Great Britain, one in Norway, and one in Ukraine.¹⁹ Some of the fieldmen were bilingual, hired on a part-time basis to seek support from Ukrainians, francophone Canadians, and Germans. But regardless of where or among whom they worked, all the fieldmen were good communicators, although their styles varied greatly from the flamboyant, spell-binding

15 See Fairbairn, *From Prairie Roots*, pp. 76-86 for a good, brief summary of the campaigns.

16 Among Pool members 32,653 favoured compulsory pooling; 12,991 were opposed. C. F. Wilson, *A Century of Canadian Grain*, p. 296.

17 See Robinson, *The Changing Role*, pp. 31-35.

18 The Wheat Pool does not possess records on all the fieldmen; the number of twenty five is an estimate based on the Report on the Fieldstaff prepared monthly by the company's secretary. A reasonable estimate of the number who served between 1930 and 1960 would be one hundred.

19 See Robinson, *The Changing Role*, p. 36.

speaker to the quiet, determined hard worker. But, above all, the fieldmen were characterized by a kind of evangelism on the movement's behalf. It was that evangelism which carried them through the ordeals of bad, unpaved Prairie roads during the winter storms and spring thaws, and it was that idealism that allowed them to endure the cold, uncomfortable, and stark rooms in the deteriorating hotels of stagnating Prairie hamlets. In times long before terms like "company culture" were thought of, the fieldmen of the Pool by the end of the 1920s had developed a distinctive outlook, a deep commitment to the "pooling cause," and, consequently, a growing reputation in communities throughout rural Saskatchewan.

When the Great Depression of the 1930s swept Canada, it settled unrelentingly, it seemed, on the Prairies. At its deepest, two-thirds of rural Saskatchewan was on relief.²⁰ To make matters worse, beginning in the south-west and then spreading throughout most of the south of the Province, a cruel drought devastated entire communities and etched a grim picture of the "Dustbowl" on the nation's historical consciousness. One of the casualties of the Depression was the wheat pools, which in 1929 and 1930 paid out in initial payments more than the average prices the various grades of grain paid over the crop years. The pools, including the Saskatchewan pool, survived only because of loans from the provincial and federal governments.²¹ Inevitably though, the Pool's economic hardships forced a reduction of the fieldmen to eleven in 1931.²² That reduction marked the end of the organizational phase of the Saskatchewan Wheat Pool; it also happened just before a massive rethinking of the company's role.

From the beginning, the Pool had been developed within a co-operative context. Many of the leaders and many of the rank and file had deep understandings of the structure and philosophy of co-operatives; many in both groups, were also active in other kinds of co-ops, such as stores, medical co-ops, beef rings, mar-

20 D.V. Smiley, ed., *The Rowell/Sirois Report/Book I* (Toronto, 1954), p. 177.

21 See C. F. Wilson, *Grain*, pp. 235-306 for a full description of the ways in which the governments assisted the pools.

22 See Robinson, *The Changing Role*, p. 51.

keting co-ops, and recreation co-ops. However, it was the Depression that led many pool supporters to embrace the total co-operative movement as a vehicle for adult education and community development. As businesses failed, as the agricultural economy collapsed, as governments proved to be unable to stimulate significant economic growth, the Pool-leaders and members turned to internal resources, to programmes such as the co-operative movement. This increased emphasis on the broad co-operative movement began in 1930 at a Conference of Co-operative Organizations held in Saskatoon. At the meeting representatives from the Pool, the stores, and the other marketing co-operatives reached an understanding on a series of issues – particularly, who should market farm supplies – this issue had badly split the movement in the 1900s.²³ Two years later, the Pool joined the Co-operative Union of Canada, the English Canadian association for co-operatives.²⁴ Previously, the Pool had steadfastly refused to join the C.U.C. because the national organization had primarily been concerned with consumer co-operation. In the same year, the Board of Directors of the Pool organized a Co-operative Education Committee that had as its first objective: “Development and extension of Co-operative ideals in every community using the Wheat Pool committees as local centres.”²⁵ From that point onward, the fieldmen became steadily more involved in a wide range of co-operative organizational activities. In addition to selling subscriptions to the province’s main co-operative newspaper, *The Western Producer*, which was owned by the Pool, the fieldmen attended regularly the annual meetings of co-operative stores in their district, signed up farmers to the Livestock Pool, and encouraged poultry farmers to join the Poultry pool.²⁶ In the early 1930s the Pool in conjunction

23 See I. MacPherson, “The Co-operative Union of Canada and the Prairies in the Twenties,” in S. Trofimenkoff, ed., *The Twenties in Western Canada* (Ottawa: 1972), pp. 50-74.

24 See I. MacPherson, *The Search for the Co-operative Commonwealth: the Co-operative Union of Canada, 1909-1939*, (unpublished Ph.D. thesis, University of Western Ontario, 1970), pp. 515-22 and pp. 544-48 for a discussion of the issues involved in the decision to admit the pool to the C.U.C.

25 Saskatchewan Co-operative Wheat Producers, *Annual Report*, 1932, p. 13.

26 The best descriptions of the range of activities undertaken by the fieldmen can be found in the Reports on the Country Organization Department, submitted monthly by

with the University of Saskatchewan, began to hold co-operative schools devoted not only to explanations of the pooling idea to young people and non-English-speaking Canadians, but also to studies of co-operative philosophy and the general co-operative movement. These schools were started by the fieldman, John Stratychuk, who was generally responsible for the Pool's educational programmes among Ukrainians.²⁷ His idea was soon picked up by other fieldmen, and by the end of the decade the Pool was sponsoring twelve-week-long schools and twenty-six, one-day schools especially designed for Ukrainians.²⁸

As the fieldmen became more deeply involved in co-operative organization work, the Pool began to hire more men, typically those with a strong commitment to rural development through co-operative action. By the middle of the decade, there were once again sixteen regionally based fieldmen, each assigned to one of the company's districts. In addition, the pool employed a fieldman to work among Ukrainian and other people from Eastern Europe and another to organize francophone Canadians. All of these men had essentially two tasks: to help explain company policies to committees and the general membership, and to advance the development of the co-operative movement. Everett Baker, one of their number, in describing the fieldman's job as it had developed during the 1930s, wrote:

*The main functions of the District Representatives . . . are to co-ordinate all the activities of the Wheat Pool and its subsidiaries in the country, and to tie up those activities to general co-operative development in the province. Their objective is to see that in each community there will be a growth of understanding of the principles of co-operation, a personal responsibility for its success, that will eventually tend to eliminate many of the problems of management. In other words, to assist in developing the ideal co-operative democracy, wherein everyone knows where he and his neighbours are heading for, and takes a personal interest in seeing that they get them.*²⁹

the company's secretary to the Board of Directors. These are located in the Archives of the Saskatchewan Wheat Pool.

27 Interview, J. Stratychuk, November 1976.

28 *Annual Report*, 1940, p. 25.

29 E. Baker, "Wheat Pool Committee's Monthly Program," *E. Baker Papers*, Saskatchewan

The range of co-operative activities undertaken by the fieldmen grew steadily during the 1930.³⁰ Most of them participated in week-long co-op schools held for young people each summer. Each fieldman attended, and usually spoke to between fifteen and twenty-five annual meetings of co-operative stores. During the summer months they helped organize co-operative rallies, picnics and farm days. Throughout the year they promoted the development of new co-operative stores and, especially, credit unions. The need for credit unions was particularly strong because nearly half of bank branches open in 1930 had been closed by 1939. Credit unions were also relatively easy to organize, they could easily demonstrate their value, and there was a plentiful supply of pamphlets and information on them from CUNA International in the United States and St. Francis Xavier University in Nova Scotia. Similarly, although to a much lesser degree, there was a clear need for co-operative stores in many Prairie communities where many retail outlets had closed their doors or where people were particularly concerned about improving their purchasing power. In addition, the fieldmen continued to sign up members for the Livestock Pool and to encourage poultry producers to join the Poultry Pool. In fact, in 1937, the Wheat Pool entered into a formal agreement with the Livestock Pool, the Dairy Pool, the Poultry Pool, and Saskatchewan Co-operative Wholesale Society whereby the fieldmen would become the main organizers for all kinds of co-operative enterprises in the province. As part of this arrangement, the other organizations, most of them struggling to develop or survive, agreed to contribute jointly a token amount of \$10,500 toward the expenses of the fieldmen.³¹

At the end of the decade the fieldmen also contributed toward the development of two other major initiatives: the early beginnings of a co-operative insurance company and of a co-operatively owned farm machinery programme. The insurance initiative was partly a continuation of an interest in the subject within

Archives Board, Regina, file #26c, p. 7.

30 The following range of activities is derived from E. Baker; "What Does a Field Man Do?", *ibid.*, file 31 (b).

31 See I. MacPherson, *A History of Co-operative Trust Company* (Saskatoon, 1978), p. 4.

co-operative circles going back to the 1920s; even more, it was a reaction to the agony evident as numerous pioneers were buried in paupers' graves during the Depression. To help even the relatively poor escape this ultimate indignity, the Pool organized a Co-operative Mutual Benefit Society, which, for an annual premium of five dollars, provided a death benefit of \$400.³² Canadian Co-operative Implements Limited began in 1940, following studies by the Saskatchewan and federal governments on the price of farm implements on the Prairies. Both of these studies confirmed what farmers had long believed—that prices were higher than they needed to be. Consequently, farm leaders in Saskatchewan and Manitoba developed a campaign to raise sufficient money to start a farm machinery plant.³³ In Saskatchewan, the wheat pool fieldmen were the main organizers for the provincial campaign. All fieldmen were involved in signing up farmers. The campaigns were structured on the wheat pool districts. Some fieldmen led the campaigns in those districts, and all fieldmen attended the annual meetings of Co-op Implements Ltd.³⁴

During the 1930s and 1940s the fieldmen also became involved in other kinds of social and agricultural activities. They helped lead the campaigns for community-based and government funded medical programmes by promoting the work of the State Hospital and Medical League. They assisted the work of the Red Cross, particularly the Junior Red Cross, and the Anti-Tuberculosis League in their efforts to improve the health of rural people. They worked with school teachers in developing essay contests and in ordering school supplies on a co-operative basis. They assisted in the development of rural libraries. During World War II, many of the fieldmen served on the "Win the War Committees," the committees that organized production and distributed manpower on a local basis. They also collected contributions for the Aid to Russia campaign and advised the governments on the petroleum needs of the various regions in Saskatchewan.³⁵ As farmers became

32 *Annual Report*, 1937, p. 19.

33 See I. MacPherson, *The Story of Co-operative Insurance Services* (Saskatoon, 1974), p. 4-5.

34 See I. MacPherson, *Each for All*, pp. 196-197.

35 See E. Baker, "What Does a Field Man Do?" pp. 6-7.

concerned about the impact of World War II on their industry, the fieldmen played a key role in making their views known. In 1939, 1941, and 1942 the fieldmen gathered petitions on prices and input costs from across the Saskatchewan countryside for submission to the governments in Regina and Saskatchewan.³⁶ During 1941 the fieldmen were largely responsible for creating interest in, and raising funds for, a mammoth “March on Ottawa” that sent 400 farmers to Parliament Hill.³⁷ In the same year, some fieldmen began to organize study clubs to examine rural problems. Two years later these clubs merged into the Farm Radio Forums, the national study club network organized in conjunction with radio broadcasts over the C.B.C. network. By the middle of the 1940s, the fieldmen touched nearly all aspects of rural life in Saskatchewan.

One reason for this widespread impact by the fieldmen was their popularity as entertainers. Some of them were humorous and witty men; all became adept at using what were in the 1930s and 1940s the most modern media techniques. In 1930 the Pool began to use radio, CJBR in Regina, to broadcast regular messages on Pool issues.³⁸ In 1934 it began to develop films on the organization to be used at local meetings. In 1938 one of the fieldmen, Everett Baker, purchased a slide production unit from a Sudetenland refugee he was helping settle in Northern Saskatchewan. For the next two decades he would use that unit and its successors to produce thousands of slides on the Pool, the co-operative movement, and Saskatchewan. These slides were used along with slides of charts and diagrams to prepare a series of four courses on the Pool and the co-operative movement – a series that would remain basic to the work of the field staff through the 1950s.

It was, however, the use of film that made the fieldmen known as entertainers throughout Saskatchewan. In the early 1930s, the fieldmen saw themselves, in part, as agents to relief for the unremitting hardships caused by the Depression.

³⁶ *Ibid.*

³⁷ See Secretary's Reports for 1941-42.

³⁸ *Annual Report*, 1930, p. 30.

In fact, he was the entertainer. He arrived with his props: his films, his small projector, and six car batteries. The batteries were connected together to furnish electricity for the projector bulb and to light the schoolhouse. These first productions featured soundless movies so the fieldman added the voices and sound effects. He could give life to personalities as he interpreted them. Since the earliest machines were turned by a crank, he could regulate the speed of the show to conform to the time he had available, the restlessness of the audience, threatening weather conditions, or the number of times he had already viewed this particular movie.³⁹

During the mid-1930s, the Pool fieldmen began to use films devoted entirely to co-operative topics. They showed eight films borrowed from the English Co-operative Wholesale Society.⁴⁰ They showed a film, “The Lord Helps Those Who Help Each Other,” about the co-operative movement in Nova Scotia. In 1941, the Pool premiered its own film about the Saskatchewan farm organizations – *By Their Own Strength* – followed almost a year later by *New Horizons*, a film about how co-operatives could improve homes and the community.⁴¹ It was, nevertheless, the films shown for entertainment – the cartoons, the short dramas – that packed the school houses of the Saskatchewan countryside. By 1939, the Pool had 205 films in its library, and it was averaging about 700 film nights each year throughout the province.⁴² The films were mixed in with talks on the Pool or the co-operative movement, and increasingly with film strips. The Pool had five film strips prepared in 1940 dealing with co-operative organizations, the financial structure of the Saskatchewan Wheat Pool, the role of farm organizations, and two on the history and development of the Saskatchewan Wheat Pool.⁴³ These filmstrips proved to be very popular among the fieldmen, at least, because of the opportunities they afforded for discussion and debate. Toward the end of World War II, the slide shows organized by Everett Baker, usually focused on an area in Saskatchewan or on co-operative themes, became very popular.

39 S. Robinson, *Changing Role*, p. 58.

40 *Ibid.*

41 *Annual Report*, 1941, p. 17.

42 *Annual Report*, 1939, p. 27.

43 *Annual Report*, 1940, p. 24.

The fieldmen had to report on their meetings, and some of their reports have survived because they were used in the monthly reports on the County Organization Department submitted by the company's Secretary to the Board of Directors. The following report, submitted by T. J. Bentley in December 1940 is reasonably typical of the kind of report transmitted to the Board:

*Weather very cold; car frozen up. Had gas line cleaned and tank washed with wood alcohol. Interviewed a few farmers around town. To Lancelot school and gave a picture show at the Xmas concert. Gave a short talk on Co-ops. Kids enjoyed the show because they liked it. The old folks enjoyed it because the kids did; and I must have enjoyed it because I got paid for it.*⁴⁴

Almost a year later, J. D. Stratyckuk reported from Cudworth:

*Two annual meetings were slated for today. Because of a terrible blizzard they were not held. Plowed through real snow drifts – in company with Delegate Schmidt. Called on two committee men at Sokal, three at St. Julien. Met a member on the road and in town at Wakaw, with the result that the Northern half of Fish Creek Municipality is well organized for the petition [advocating the farmers' cause on war-time economic issues]. Had supper of crackers and sardines in a small country store, not far from the battle ground of Fish Creek of 1885. While in this little store four farmers came in and signed the petition, contributing 25 cents a piece. A businessman in Wakaw promised \$1.50 towards this fund [to send farmer representatives to Ottawa]. There are going to be some romantic episodes with this petition. A very hard and cold day – but Delegate Schmidt and I are going to bed at a farmer's place, with a feeling of a job well done.*⁴⁵

In addition to the films and talks about co-operation, some meetings featured dances, as fieldman Fiuncane reported in October 1947:

Got to Chatham School at 8:10 p.m. The school was packed. Showed about an hour and a half and talked for about 10 minutes. There's a grand bunch of people there. There was a dance and a pie social afterwards, pies went for 4 bucks to 14 bucks (so some farmers have money). Delegate Cotton, Elevator

44 Secretary's Report, December 1940, p. 5.

45 *Ibid.*, November 1941, D., p. 4.

man Rubbles and myself bought a \$4.00 one between us. Working for the Pool you can't afford to pay \$13.00 for a pie.⁴⁶

The fieldman's meeting programme reached its zenith in the mid-1940s. In those years the eighteen fieldmen achieved the following in this aspect of their work:⁴⁷

<i>Year</i>	<i>Meetings</i>	<i>Films</i>	<i>Est. Numbers in Attendance</i>
1946-47	1331	473	67,705
1945-46	1107	285	67,187
1944-45	1520	741	118,846
1943-44	1582	938	140,204

In fact, the years for the fieldmen developed a distinct rhythm. Early January was given over to staff meetings and planning for the year. Late in the month fieldmen began their visits to committees and their showing of films and filmstrips in local schools. Indeed, most of the winter was consumed by such meetings. Usually in March, the fieldmen began to organize girls and boys so they could plant grains in test plots under a programme for young farmers sponsored by the University of Saskatchewan. In spring, they organized their co-op schools and chose young people to attend a Co-operative School operated by the University in July. Throughout the same period they also promoted other kinds of co-operatives, especially stores, credit unions, the Livestock Pool and the Poultry Pool through public talks or through talking about them to ordinary individual farmers. In the early summer, they met with committees in conventions called after the seeding was completed. Immediately thereafter they attended, and usually led, co-operative schools. On their free days they helped organize farm rallies and picnics, activities which could be quite demanding as the following report from fieldman McPhail in Wilkie in 1947 attests:

Farm Rally was a huge success. Approximately 2,500 adults paid admission at 25 cents and 3,000 children admitted free. Program for the day well re-

⁴⁶ *Ibid.*, October 1947, p. 4.

⁴⁷ Statistics drawn from Secretary's Reports, various Issues.

ceived. Parade started at 10 A.M., which was too early. A field demonstration of 19-foot co-operative disc at 4:30 p.m. was interesting, and also excellent advertising. Evening program in rink was enthusiastically received. Over 1,000 paid admission. Speech by Mr. Les Bright [a well known co-operative leader] went over very well and I heard many favourable comments on the evening's entertainment. A fine day without a hitch, but Oh! the crowd.⁴⁸

During the late summer and autumn the fieldmen helped out as needed at local delivery points. Late in the autumn, they attended the annual meeting of Co-op Implements, assisted Farm Radio Forum study groups, judged Junior Club Fairs, attended the Pool's annual meetings and the annual meetings of committees in the subdistricts of their districts, and spent late November and early December presenting more local shows.⁴⁹ Indeed, in the course of each year a fieldman was expected to meet with approximately 70 committees, to hold annual meetings in all ten of his subdistricts, and to present a picture show at every skipping point in his District.⁵⁰ His time, it was recommended, should be divided as follows over the year.⁵¹

Suggested time schedule (days)

One week co-op schools	9
Co-op rallies, picnics, farm days	11
Committee meetings	50
Annual meetings	20
Picture shows, etc.	60
Records, correspondence	26
Annual meeting of delegates	12
District meeting of delegates	12
Staff meetings	17
Director staff meeting	3
Committee conventions	8
CCIL annual	2
SFCL annual	2

48 Secretary's Report, July 1947, p. 4.

49 This pattern of activities is drawn from E. Baker, "What Does a Field Man Do?"

50 E. Baker, "Memo to All Fieldmen," p. 3.

51 *Ibid.*

One Path to Co-operative Studies

Suggested time schedule (days)

Statutory holidays and odd days	12
Sundays	52
Half-days Sat.	26
Holidays	18
	<hr/>
	340
Extra Days	25
	<hr/>
	365

Behind all of this activity lay a philosophy of co-operation that the organization tried to instill in the fieldmen. The philosophy was summarized at the beginning of the Reference book given to each fieldman:

CO-OPERATIVE PHILOSOPHY

In Co-operative Philosophy you have the belief that each man is his brother's keeper, and that man can best lighten his own burdens by lightening the burdens of others. Also, that man can best achieve his own welfare and happiness by including within it the welfare and happiness of others. . .

It is sometimes said that co-operation is materialistic – that it is pure selfishness because it is concerned mainly with providing man with food, clothing and material desires. Actually, however, the greatest thing with which it is concerned is human nature and human personality. Co-operation is built on the great spiritual values of friendship, service, trust, brotherhood and self-help. It is for all, and works with all – there are no barriers – no exploited classes. Co-operation is a mutual interplay of goodwill, bringing benefits to all its members and all the people in the community. . .

EDUCATION AND CO-OPERATION

One who does not know the nature of the educational work and the emphasis laid upon it will never understand the spirit of the Rochdale Movement. It has always remained a first tradition that it was the business of the Co-operative societies to free the minds as well as the bodies of the people and above all things to attempt to throw light on the right relations existing among men. . .

The Wheat Pool has always recognized that an informed membership is essential to the operation of a truly democratic organization. Co-operators have been motivated and inspired by the doctrine of human fellowship, the spirit of social service, and a firm faith that through self-help will come benefits to the community.⁵²

This broad philosophical perspective, along with the routine demands of the position, meant that the job of a fieldman was demanding and open ended. And yet, as Everett Baker wrote about the career of a fieldman in the early 1950s:

It's a gay life, however. The employee carries with him the prestige of the Saskatchewan Co-operative Wheat Producers. Every other farmer in the country is a member of the Pool. The fieldman may co-operate with many fine agents, the finest characters among the farmers, the most public spirited, the cheeriest, the prettiest, the wittiest. People take him into their confidence. He belongs to them. All the school kids are at the Pool shows. Youths wave, youngsters offer him candy, men and women are friendly. He could get an easier job, or possibly more money, but in most cases, in spite of grumbling, he would hate to leave this job because he likes it.⁵³

During the course of the 1960s the role of the fieldman began to change. In part, the change was caused by a rapid transformation of the countryside. In the years after World War II, the automobile became commonplace and paved roads connected all major communities. By the end of the 1950s, hydroelectricity reached most of the countryside bringing with it modern conveniences, especially reliable radios. In short, more amusements were available and the novelty of the fieldman's entertainments were beginning to wear off. As fieldman J. Parelick commented on a disappointing gathering during November 1957: "Picked up delegate L. Pender for the annual meeting at Meath Park. The reason given for a rather small attendance is that there was a very good picture show at the theatre."⁵⁴

The field staff itself also changed significantly during the 1950s and 1960s. Many of the fieldmen imbued with co-operative phi-

52 *Saskatchewan Wheat Pool Reference Book*, E. Baker Papers, file 31(d), pp. 811-812.

53 Secretary's Report, November 1957, p. 4.

54 Interview J. Forrest, 4 March 1985. See also S. Robinson, *The Changing Role*, p. 126.

losophy pursued careers in the other co-operatives, for example, Co-operative Life Insurance Company, Co-operative Trust Company and Federated Co-operatives. Many of the new fieldmen came from academic backgrounds, trained in extension work and adult education. They generally had less commitment to co-operative philosophy, and they were more concerned about delegate training than with “missionary” work. The style of the fieldmen, therefore, began to change. Instead, of a teaching situation focusing on a charismatic personality and media, the newer breed of fieldmen preferred consensus building and small group discussion.⁵⁵ Above all, the Pool began to place special emphasis on developing leaders within the membership. In 1959 it introduced five-day delegates’ schools for outstanding delegates. The following year, the fieldmen began to hold local workshops for committee chairmen and workshop secretaries. The day of the “rabbleroxing” fieldman was coming to an end.

The demands the Wheat Pool placed on the fieldmen also changed. During the fifties and sixties, the company became steadily more complex as new departments were added and the complexities of its business increased.⁵⁶ Many pool leaders were becoming concerned because the children of the original pool supporters were not proving to be as loyal in supporting the organization as their parents. The best way to develop this loyalty, it seemed, was to involve younger members in meaningful seminars and small group discussions directed specifically to company policy. Several complicated issues were involved: improving the delivery system (which could involve closing elevator points),⁵⁷ developing strategies to influence government policies, learning how to improve production and decrease costs, and weighing the advantages and disadvantages of greater crop diversity.

55 See Robinson, *The Changing Role*, p. 115.

56 Fairbairn, *From Prairie Roots*, pp. 171-96.

57 Few issues arouse more emotional concern in the rural Prairies than the closure of an elevator plant or the abandonment of a branch railway line. At stake are: the decline of communities, possibly a loss in property values, and an intangible sense that what had been committed to a given locality over generations was being ignored or lost. It is a measure of the tension involved that one fieldman of the author's acquaintance can be moved to tears years later when recalling the emotion surrounding closures.

Moreover, by the 1960s most of the infrastructure for complete co-operative structure was in place. Credit unions had been organized in most key points. The limits of easy development for consumer co-operatives had been reached. The Department of Co-operative Development, organized in 1944, had achieved a level of sophistication that it was able to offer advisory services in the two most obvious areas of expansion: co-operative farms and northern co-ops. Similarly, the Co-operative Union of Saskatchewan was providing a broad perspective on co-operative development through its educational programme and lobbying activities with government. Indeed, by 1960, there just was not as much for the fieldmen to undertake in their role as developers of co-operative enterprise.

The role of education within social movements is complex and difficult to assess. In retrospect, one can say the activities of the fieldmen were crucially important in creating a distinctive viewpoint with the Saskatchewan Wheat Pool and in encouraging the co-operative movement in the province. It is certainly true that in the 1930s and 1940s the fieldmen did more than any other group to create co-operatives, and a fieldman was certainly correct when he mused, "I would say that the field staff of the Wheat Pool did more than any other organization to organize co-op stores, co-op bulk stations, credit unions, anything that was co-operative. If a group of people wanted to do something on their own, and wanted assistance, they could get it from the Wheat Pool."⁵⁸

Why this success? Partly, of course, the answer lies with the capacity of the individuals involved. Partly, the answer rests with the need for the Pool to find other ways to serve its members after it ceased to become directly involved in the sale of grain and was essentially a co-operative concerned with collecting grains for future sale. But, most importantly, the education programme reflected – while it was at the same time shaping – a powerful social movement. This social movement, which blended co-operative and agrarian thought within a regional protest tradition, reached its height during the 1930s and 1940s. In fact, the fieldmen's edu-

58 A. H. Turner, *Co-operative Purchasing Associations in the Province of Saskatchewan* (Regina: 1942), pp. 18-19.

cational programme defined the main thrust of the social movement. To a significant extent, the programme conforms directly to the typology of successful adult education for socioeconomic change advocated by R. G. Paulston and his associates in the book *Other Dreams, Other Schools*.⁵⁹

In the first place, the fieldmen in their activities embraced an “ecological approach” or, stated more simply, a belief in continuous education, one which expanded upon the learning in formal educational institutions and informal learning experiences. The fieldmen also addressed in their educational programmes a broad concern for political economy, a concern that led them to discuss with their target groups a wide range of social, economic and political issues. These preoccupations, in turn, encouraged a movement culture and created a series of institutions meeting local, regional and even national goals. In a sense, the emphasis on adult education in practical issues (but based on a philosophical perspective) unleashed an entrepreneurial – but co-operative – spirit that significantly affected the economic development of Western Canada.⁶⁰ Their success, in fact, confirms the possibility of socioeconomic development based on local, community-based pooled resources; a method of development strikingly different from the government-focused or industrial-centered “booster” development typically espoused by business leaders, city leaders, and conventional politicians. The impact of the fieldmen also suggests – following on the work of Frederick Harbison⁶¹ – the possibilities when “human resources” are mobilized for social and economic development.

At the same time, the political and social milieu in Saskatchewan facilitated the growing popularity of their educational message from the 1930s through the 1960s. The inheritance of the settlement days – expensive mortgages, scarcity of cash, unfair marketing practices – merged with the idealism of the 1920s and

59 See Paulston, *Other Dreams*, pp. 1-50.

60 For example, the credit unions became the main, indigenous centre of financial capital in the Prairies; the insurance company grew into, in some lines, the largest insurance company in Canada, and the various producer co-operatives they helped develop have today come to dominate the main commodity groups on the Prairies.

61 F. Harbison, *Human Resources as the Wealth of Nations* (New York: 1973).

the disasters of the 1930s to create an environment in which a confident assertion of individual capacity through joint action had a powerful appeal. In short, the movement emerged under circumstances that suit almost perfectly the kind of situation in which Paulston and his associates believe adult education can profoundly influence and stimulate a social movement. It was a time of low migration opportunities, and yet most Saskatchewan inhabitants (except for those in the dryland areas in the south-west of the province) maintained a high confidence in the future possibilities of the province.⁶² It is under such circumstances, Paulston argues, that leaders and adult educators can expect social movements to have “solidarity and a propensity to collective action.”⁶³ At the same time, the movement functioned with relatively few restrictions or “binds.” There were no significant groups within the Wheat Pool that opposed allocating the time of the fieldstaff to community activism. While there were shortages of funds, there were always sufficient funds to allow the fieldmen to do their work. The fragmentation based on ethnicity, religion and to an extent class declined in significance amid the dislocation and depressions of the 1920s and 1930s. None of the impediments to a strong relationship between adult education activism and movement dynamism identified as important by Paulston were significant between 1925 and 1960. Consequently, the fieldmen were working in as nearly ideal circumstances as a theorist could envision.

The result was that the fieldmen were able to have a significant impact on, and to gain a large following in, rural Saskatchewan, where to this day the first two generations of fieldmen are still widely and affectionately remembered. They appealed positively and creatively to the sense of powerlessness long evident in Prairie rural society, and they were able to overcome the apathy that had long helped to make the powerlessness possible. They offered a mechanism – co-operative action – through which change might be affected. More importantly, they sought to offer the possibility of significant power in the economic, social and political areas of

62 Paulston, *Other Dreams*, pp. 30-31

63 *Ibid.*

greatest concern; above all they offered – or seemed to offer – the option of people taking control over their own destiny. It is no wonder, then, that so many fieldmen were ardent idealists – missionaries of rural development and creators of a co-operative commonwealth; not only did they labor in situations ideal for their crusades, they could encounter success each night in the packed school rooms and church halls of rural Saskatchewan. They had a vision many of their listeners could share; they had educational methods appropriate to their times.

A Relationship Not Easily Understood: An Historical Overview of State/Co-operative Relations in Canada¹

IT WAS AN important turning point in the history of the Canadian co-operative movement and, for a movement not known for its tense public moments, it even had a touch of drama. The location was also an unlikely place for drama: in popular culture, at least, the Canadian Senate is frequently the target for satiric humour because of its alleged dullness, at times even its somnolence. The aging senator asleep at his desk has been a favourite of political cartoonists for over a century. Nevertheless, it was a moment with some drama and it significantly affected how the history of the Canadian co-operative movement would unfold.

It was March 3, 1908, and the Senate of Canada was considering Bill Number 2, first introduced in December, 1907. It was a bill that would have allowed any twelve or more persons to organize on a co-operative basis any banking, manufacturing, trade or retail business. The bill had followed two other enabling bills for co-operative organisations introduced in the House of Commons during 1906, both championed by F.D. Monk, a Conservative politician much influenced by Alphonse Desjardins and the *caisse populaire* movement that had started in Québec as the century had opened. Both of those earlier efforts had failed, a fate not unexpected for private-member bills.

When the vote on Bill 2 was called, the Senate rejected it by a vote of nineteen to eighteen. It was the second time the bill had been defeated by one vote. A few days earlier, the Senate Committee on Banking and Commerce to whom the bill had been referred, had defeated the bill after an extensive debate by a vote of nine to eight. Two one-vote defeats helped set the course for

¹ Presented at the *Co-operatives and the State Symposium*, International Congress of the Historical Sciences, Oslo, Norway, August, 2000.

co-operative development in Canada for most of the century that was to come.

Why were those defeats so important? Why would one start a consideration of co-operatives and the Canadian state with legislative defeats long forgotten except by a very few historians and a handful of deeply committed co-operative enthusiasts? The answer is that they suggest many of the challenges the co-operative movement has had over the years in securing the kind of legislation and support it desired from the Canadian government. Moreover, they forced the movement to concentrate upon provincial governments for many years whenever it sought the kind of legislation and support it wished. They meant that the co-operative banking movement developed within significantly different legislative frameworks for many years in Québec and in the rest of Canada. They limited the possibility for the co-operative approach and the co-operative model to become integral parts of ongoing national debates over economic and social policy. They revealed much that was typical about how governments in English-Canada evaluated co-operatives both then and for many years afterward. They are interesting example of how a counterfactual possibility might have forged a quite different history – what might have been had one of them passed?

In retrospect, perhaps the most positive aspect of the attempt to develop national co-operative legislation in the 1906-1910 period was it sparked the creation of a special committee of the House of Commons in 1906.² The committee carried out an extensive enquiry into co-operatives at home and abroad that lasted several months and produced a report of over 200 pages. Among those the Committee called to testify on behalf of the movement was the Governor General, Lord Grey, who had encouraged co-operatives upon his estates in the United Kingdom and was at the time President of the International Co-operative Alliance. It also heard positive statements from William Lyon Mackenzie King then in the bloom of his youthful idealism as Deputy Minister of the newly

² Government of Canada, *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: King's Printer, 1907).

created Department of Labour.³ It was an idealism he would largely lose – including his support for co-operative endeavours – when he later served for nearly thirty years leader of the Liberal Party and for more than twenty-one years as Prime Minister. In fact, almost all of the individuals who appeared before the committee spoke positively of the movement referring extensively to its European and North American successes. As a consequence, the report was positive and recommended providing appropriate legislation for the incorporation of all kinds of co-operatives. It would not be the last time that a positive report on co-operatives by government did not lead to concrete, affirmative results.

There were two serious arguments made against the passage of national legislation. The first was largely incorrect: the assertion that provincial governments were essentially serving the needs of people who wished to form co-operatives in keeping with the principles generally accepted by the international movement of the time. The reality was that the treatment afforded co-operatives by the provinces varied widely and typically demonstrated inconsistent applications of existing companies legislation.⁴ It was nevertheless a powerful argument since it appealed to the “provincial rights” advocates of the time, including those within the Liberal party then in control of the Federal Government.

The second argument, less pressed in the Committee’s deliberations than in the “corridors of power” on Parliament Hill, was the idea that co-operatives were a threat to the economic vitality of communities across the nation.⁵ The chief proponents of this view were in the delegations organized by the Retail Merchants Association (RMA). Merchants in many communities were well aware

³ See *Reports of the Special Committee*, pp. 75-88.

⁴ The Ontario case was typical. The official in charge, Thomas Mulvey, insisted that his office provided adequately for co-operatives and had done so since 1865. In fact, it was possible for an organisation to register as a co-operative without violating all of the essential co-operative principles of democratic control capital formation and distribution of “surpluses.” See correspondence between George Keen, G.W. Ross and Thomas Mulvey. *The Co-operative Union of Canada Paper*, Public Archives of Canada, volume 5, 1908-09, file “R”.

⁵ For examples of the lobbying efforts undertaken by the RMA, see the *Wilfrid Laurier Papers*, Public Archives of Canada, volumes 455, 458 and 461.

of the growing impact of consumer co-operatives in the United Kingdom where they were meeting the needs of about a quarter of the population and had developed a remarkable array of manufacturing, farming and wholesaling organisations. They knew the movement was spreading rapidly in other European countries. The RMA organized a “great mob of retailers from Toronto, Montreal and other place,”⁶ a “mammoth delegation” to meet with the Prime Minister in April, 1908. It was so large that the Senate chambers had to be used as a meeting place. In addition, members of the RMA met with Members of the House of Commons and the Senate to lobby against any national legislation that would make it easy for people to organize co-operatives. Assessing the impact of this lobbying process is difficult, particularly because the Prime Minister, Wilfrid Laurier, and the politicians who met the delegations responded, at least as far as the public record suggests, in a relatively impartial manner, responded in a remarkably professional and impartial way, neither promising much nor rejecting their recommendations out-of-hand.

In looking back at the experiences of the 1906-1911 period, the most obvious salient points are: the vision of creating a national movement was really shared by only a small band of advocates; the government was confused over what the movement really entailed and the idea that the co-operative model could be of fundamental importance was a difficult concept; the opposition was significant perhaps instrumental in defeating the legislation; the challenge of overcoming provincial/federal barriers were immense and the support of the emerging agricultural marketing co-operatives was spasmodic. These were not transitory aspects and this paper will follow how they persisted, albeit in gradually transforming ways, in shaping co-operative sector/government relations for much of the century that was to follow.

As revealed in the agitation for legislation at the turn of the century, the movement's early elaboration of what it wanted from the state was relatively limited and straightforward. It wanted legislation that would foster co-operatives able to function in keeping

6 F.A. Acland to W.L.M. King, *The William Lyon Mackenzie King Papers*, The National Archives of Canada, vol. 7, p. 6927.

with the principles that characterized co-operatives internationally. It wanted a statistical record maintained about existing co-operatives – where were they, what they did, what was their size and volume of their business. It wanted the state to undertake some modest promotional work on behalf of co-operative development. The approach was not very complicated and revealed a liberal dimension – in the sense of wanting government to remain out of direct involvement in co-operative affairs – from the beginning.

The band of supporters primarily concerned about legislation in the early period came largely from Québec although there was some support from a sprinkling of trades unions and consumer co-operatives across the country from the beginning as well. By 1908, there were advocates from the emerging co-operatives – marketing as well as consumer – in western Canada. In the West, though, the national legislative issue took on life largely as one of the several issues in Prairie grievances against Central Canada and the Federal Government. It was consistently found among the grievances listed on the pages of *The Grain Growers' Guide* and in the various statements of farmer demands that were devised from 1910 through the 1920s as part of the emerging farmer's political process that ultimately erupted in the Progressive Party.⁷ It was, however, also a secondary issue, languishing far behind free trade and political reform in the agrarian litany of the basic evils of contemporary life.

Moreover, the co-operative voices from the countryside were, and would continue to be, a rather discordant lot. During the last half of the nineteenth century and the early twentieth century, the Canadian countryside, reacting to challenges of rural depopulation (at least in Central and Eastern Canada), pervasive technological transitions and rapidly changing marketing opportunities, created what becomes for later observers a maze of organisations to

⁷ See W.L. Morton, *The Progressive Party in Canada* (Toronto: University of Toronto Press, 1967) for the standard account of the agrarian revolt of the post-World War One period. The study is deficient in its treatment of co-operatives as a part of the revolt. The balance is redressed somewhat in B. Rennie, *The United Farmers and Farm Women of Alberta: The Development of a Movement, 1909-1921* (Toronto: the University of Toronto Press, 2000).

meet their economic, social and, ultimately political needs. Amid these organisations were a variety of mutual and co-operative organisations to market produce, first of dairy products then grain, fruit and livestock. They created patron-controlled institutions to provide insurance, banking and telephone services. They established over 4,000 local creameries, butteries and cheese factories to market the dairy products of the countryside. As electrification took hold in the countryside, farm people banded together to own refrigeration facilities either for the preservation of fruit for extended, more profitable, distribution of delivery or for the preservation of the family's meat throughout the year.

In general, though, the development of co-operative and quasi-cooperative organisations in rural Canada had two fundamental purposes: to expedite marketing of produce at the best possible price and to provide an institutional framework for the gradual improvement in the quality of what was being produced. These twin aims were necessary if the family farm unit was to become economically stable and if the Canadian farmer was to compete in the international market place. The structure of these various organisations, however, varied tremendously. Some were organized on co-operative principles as they had been developed in Europe. More were structured essentially as private firms but with some unusual provisions regarding control structures and/or profit distribution. Member/patron owners also often had significantly varying investment levels in this maze of organisations. While some greater clarity was generally achieved in the 1914-1920 period as the United Farmers' movement swept much of Canada and a number of co-operative organisations were organized on conventional co-operative basis, the essential pragmatic approach of the countryside remained.

The essence of the problem of rural co-operativism in Canada was that the co-operative structures were seen – perhaps could only be seen – as partial palliatives to the wide range of problems besetting rural people. Whether one looked at marketing, financial or input issues, the co-operative responses could not be “quick fixes” – and whether through limited knowledge or scepticism, the farm peoples of Canada knew that. Thus, along

with farm peoples in many other parts of the world, they looked to governments to resolve their major problems – and rarely did they espouse co-operatives as a total or even major answer to their most significant problems. The result was that it was the general farm organisations, notably the Canadian Chamber of Agriculture (ultimately the Canadian Federation of Agriculture) and the commodity organisations, which became the powerful voices of the countryside. While they would support co-operatives and request some government support for them, that was not central to what they were about. It was easier and more immediately rewarding to request government-controlled farm credit systems, marketing agencies and ultimately marketing boards, and that is what they did. The result was the emergence of rural organisational infrastructure in Canada in which co-operatives could, and often did, play a role but they were clearly the tail not the dog.

The support for co-operatives among rural people varied tremendously across Canada. Co-operative marketing and input organisations emerged in all regions during the period 1910-1940 but the extent of co-operative understanding differed dramatically.⁸ The understanding was arguably the deepest in the Prairie region where the waves of immigrants and the echoes of earlier Central Canadian co-operative experiences provided a rich context for co-operative development in many communities. But even in that region co-operative educational programmes were typically weak and declined as the co-operatives were institutionalized.

More importantly, regardless of the enthusiasms of leaders, most members were interested primarily in such economic benefits as their co-operative(s) could provide; they had limited expectations, placed limited distinctly co-operative demands upon government and looked for major interventions in fiscal or marketing policy to insure their economic viability. The most dramatic example of this was the struggle over grain marketing. It started at the end of World War One as a demand for the revival of the orderly marketing system of the federal government during the war, fueled the creation of the pools as a way to force orderly market-

⁸ See Ian MacPherson, *Each for All: A History of the Co-operative Movement in English-Canada, 1900-1945* (Toronto: Macmillan, 1979, pp. 49-66).

ing, became a demand for 100% pooling and ended in pressures for the creation of Canadian Wheat Board. While one might see a strong role for co-operative organizations within these structures (particularly the pooling system) and even envision how they might be organized along co-operative lines, they were primarily exercises in power creation on behalf of farmer interest using the state as a regulator and enforcer, marketer and banker.⁹

The farm leadership, too, was responding to farm people with decidedly different commitments to co-operative organisations, differences created by ethnic background, degrees of financial independence and traditions of the various commodity groups. Scandinavians were easy to organize; English farmers were not. Wealthy farmers were more inclined to rely upon their own efforts; poorer farm families saw advantages in combining purchasing and marketing power. Grain producers in marginal or late harvesting areas were instinctively supportive; cattle producers almost invariably were not. A strong consensus among the general farm community was not easily achieved – in policies about co-operatives and in many other issues as well. The concept of herding chickens may well have first appeared among the organizers of farm people.

The essential government interests in rural co-operatives were also somewhat mixed. The “rural problem” was a significant problem for federal and provincial governments throughout most of the twentieth century. The Progressive outburst of the 1920s was a major attack on the “normal” practice of politics in Canada and the rural concerns of the Co-operative Commonwealth Federation and Social Credit were equally threatening on a national level and fundamental to the politics of Saskatchewan and Alberta. Thus there were always pressures to find solutions to the problems of rural Canada that could be quickly and prominently applied,

⁹ The literature on the marketing issues is voluminous. Arguably the best modern account is G. Fairbairn, *From Prairie Roots: The Remarkable Story of Saskatchewan Wheat Pool* (Saskatoon: Western Producer Books, 1984). Perhaps the best insight into the tensions and the complexities of the issues involved is H.A. Innis, *The Diary of A.J. McPhail* (Toronto: University of Toronto, 1940).

solutions that might have included co-operative responses but rarely did.

Nevertheless, there were pockets of public servants and a few politicians who fostered rural co-operatives despite the relative slowness of their development. The most prominent examples of these were in Saskatchewan where, beginning in the post-war period the support for co-operatives was consistent and strong. The works of such public servants as W.A. Waldron and “Barney” Arnason was remarkable and inadequately acknowledged by subsequent generations. T.C. “Tommy” Douglas, who managed a separate Department of Co-operatives while he was premier, was a perceptive and engaged promoter of co-operative development. In part because of such individuals Saskatchewan became the perceived leader in developing new and better legislation for the co-operative sector. No understanding of why Saskatchewan became known as the “banner province of co-operation” can be complete without taking into account the vital role played by government leadership.

Similarly in other provinces, government departments played an important role in encouraging rural co-operative development. In Nova Scotia, for example, Waldo Walsh of the provincial Department of Agriculture was instrumental in the development of the Antigonish movement, though the role of the department is rarely mentioned in most of the many accounts of that important movement. In Québec the Department of Agriculture facilitated the development of dairy co-operatives that ultimately became one of the most powerful rural networks in Canada – both economically and in its capacity to lobby among political interests in Québec and Ottawa. In Ontario, J. O’Meara was instrumental in developing reasonably good legislation and in fostering unity in an often deeply divided movement. In Manitoba a series of public servants, but notably R.D. Chase in the post World War Two period, provided leadership for the development. Similar individuals, like A.H. Christianson and E.K. DeBeck, could be found respectively in Alberta and British Columbia.

Until the 1980s the farm community in Canada was generally supportive of the system of partial government control of

marketing and financial supports worked out in the first half of the century. The farm organisations, particularly those organized as co-operatives, supported, usually without much enthusiasm or public display, the development of a co-operative presence in Ottawa, typically as an adjunct to their “core” business activities. They were not, however, consistent, enthusiastic proponents of a powerful national co-operative infrastructure; passive, sometimes reluctant supporters of strong state/co-operative relationships and aggressive government campaigns on behalf of co-operative development, they were not the source upon which a strong co-operative message to government could be derived. They tended to see related co-operative enterprises as useful seconders to whatever they were primarily concerned about rather than central to their main purposes.¹⁰

After agricultural co-operatives, the most important co-operative developments in the first fifty years of the twentieth century were in co-operative banking. Perhaps the most enduring result of the failure to achieve national legislation in the early years of the century was that the *caisse populaire* movement remained primarily a Québec movement, although some *caisses* were established in other provinces and a significant movement emerged among Acadians in Atlantic Canada. In the years up to the Great Depression of the 1930s the Québec movement grew steadily, with its own legislative framework and deep roots in the economic, social and religious circumstances of that province. Gradually, too, it reflected growing Québécois nationalism and became increasingly integrated when it met serious adversity during the 1930s.

In contrast, as interest in co-operative banking began to appear in English-speaking Canada in the 1920s, became widely evident in the 1930s, and enjoyed rapid growth in the 1940s and 1950s, the legislative framework and structural systems were largely borrowed from the United States. Inevitably, important legislative dif-

¹⁰The main exceptions to this, of course, were the wheat pools, particularly the Saskatchewan Pool, which sought to incorporate co-operative priorities within their considerations of policy matters at their annual meetings. Nevertheless, even in their world-view, the co-operative dimensions were clearly secondary to their preoccupations with marketing issues, input procurement and general agricultural policy.

ferences among the provinces developed, as did different degrees of commitment to a wider co-operative purpose and varying commitment to community credit unions. What might have been a more seamless and similar set of movements was denied by the creation of provincial and institutional walls. Not even the passage of time, the efforts of nationally-focused leaders and the centripetal forces of technological change would overcome those barriers before the new millennium dawned.

The emergence of the co-operative banking sector, however, significantly affected government relations in two ways. The first point is that governments were generally supportive of the new form of co-operative. Lower income Canadians had very limited access to credit up to the 1960s. Banks were not interested in small depositors. Finance companies charge high interest rates and private lenders were usurious. The only other access to funds for people facing financial pressures because of health emergencies (in the days before medicare), educational costs, funerals, unemployment or business costs was family. Governments were generally sympathetic, therefore, to sound financial institutions providing savings and lending services to people outside the existing financial system. Consequently in one province after another, as legislation was passed enabling the establishment of credit unions, governments played a substantial role. In one sense, they did not have any alternative since they were responsible for assuring the financial stability of the credit unions they regulated. Much of their responsibility was manifested in the annual visits of inspectors, the informal training they provided volunteers on those visits and in the impact they had in the development of legislation.

Similarly in the development of fishing co-operatives governments played an important role. The first wave of fishing co-operatives along the Atlantic coast were encouraged by the Extension Department of St. Francis Xavier University but with financial help from the federal Department and support from its local officials.¹¹

11 See A.F. Laidlaw, *The Campus and the Community: the Global Impact of the Antigonish Movement* (Montreal, 1961).

The same was true on the West coast although it was the University of British Columbia that provided the extension services.¹²

As the rural, credit union and fishing movements developed, they inevitably asserted their independence. Emerging managerial cadres within those co-operatives resisted significant government influence and, in the case of the credit unions, worked assiduously to lessen the impact of government regulations. As a result, the ties with “government” gradually lessened. It was a natural and appropriate development for co-operatives to assume increasing responsibility for their actions. In the context of this paper, however, it was an important development, glossed over by rather sentimental notions of “rugged” independence and self reliance among subsequent generations of co-operative leaders. It contributed to the view, widespread by the 1950s, that co-operatives were best off if they had the least possible to do with governments.

World War Two ushered in an entirely new notion of the role of the state in Canadian society. While hardly socialist in any of the ways that would be understood in Europe, the Canadian state, particularly at the federal level, was considerably more interventionist than at any other time in its history. The welfare state became something of second National Policy. Governments accepted an expanded guiding role in the economy and intervened particularly through crown corporations. It was a heady and productive time in which to be a centralist committed to the development of an assertive state, especially at the national level.

At the same time, some leaders within the Canadian co-operative movement was envisioning a much expanded role for the co-operative sector. The most dramatic development was the creation of regional and national financial organisations, the Canadian Co-operative Credit Society, as well as insurance and trust companies in both English and French Canada. The English-Canadian movement reorganized its national institution, the Co-operative Union of Canada, and there were significant efforts within Québec to bring together the different strands of the provincial movement.

¹² See Ian MacPherson, *Co-operation, Conflict and Consensus: B.C. Central and the Credit Union Movement to 1994* (Vancouver: B.C. Central Credit Union, 1995).

There were even efforts to co-ordinate the activities of the Québec and English-Canadian movements despite the deepening national tensions of the period. In a curious way, the post-War reconstruction activities were echoed within the co-operative movement but without much dialogue as to how they might complement each other. Governments and co-operatives were motivated by similar feelings about the necessity for redesigning the Canadian economy and social systems but they scarcely talked to each other.

There were three exceptions to this trend. First, ever since 1917 when income taxes were introduced, the taxation of co-operatives had been a matter of debate. In fact, it was one of the issues that could readily galvanize the entire movement. The decisions made in the wake of the introduction of the tax were more political compromises than they were judgments based on a clear understanding and acceptance of the distinctiveness of co-operative institutions, especially in the role of patronage distributions in recognizing member participation rather than speculative ownership. The debates, pressed by worried competitors in the insurance, retail and banking industries, lasted throughout the 1920s and 1930s and led to the appointment of a Royal Commission in 1945.¹³ That commission again advanced an essentially political compromise to the taxation issue leaving the door open for continuing, and, in the 1970s, expanded attacks by competitors who argued that co-operatives had an unfair tax advantage. While the movement successfully defended itself against these attacks, it dramatized the importance of maintaining a strong lobbying presence in Ottawa.

Second, the English-Canadian movement encountered significant obstacles in developing the kind of national financial institutions they wished. They found they could not own an insurance company on a co-operative basis; that they had to organize their trust companies under provincial charter; and that they had to push very hard to become part of the national payments system as it emerged during the 1960s. It was the last-mentioned issue that started to draw credit union and *caisse populaire* leaders together

¹³ *Report of the Royal Commission on Co-operatives* (Ottawa: King's Printer, 1945).

as they sought for a more sympathetic audience in Ottawa. Gaining some success, the search for increased influence in the national capital would become a steadily more important priority for the financial co-operatives as the century came to a close.

Third, largely through the initiative of a few individuals in English-Canada, notably Ralph Staples, Alexander Laidlaw, James Macdonald, and Breen Melvin, and of the Mouvement Desjardins in Québec, the co-operative sector began to address social policy issues, particularly poverty, housing and regional inequalities. The first manifestation of this interest was a co-operative/government partnerships to start co-operatives among Aboriginal peoples, first on the Prairies and then among Inuit. The success of many of these ventures led to involvement in overseas development assistance as that programme emerged in the 1960s and became steadily more important in the 1970s. After early efforts in the Caribbean, both the English and Québec movements rapidly expanded their overseas activities in the 1970s and 1980s, most of their funding coming from the Canadian International Development Agency. It became the most obvious ways in which the interests of government and the sector could coincide to mutual benefit.¹⁴

The interest in housing started to surface in the 1960s as housing crises, well publicized in the United States, began to become evident in Canada as well.¹⁵ Quietly, co-operative officials, notably Alex Laidlaw, negotiated an approach to co-operative housing involving substantial financial participation by the Federal Government, primarily in limiting interest rate charges on mortgage loans to 2%. The agreement envisioned the development of multifaceted co-operative communities based on populations with mixed income levels and strong support for educational activities. It was an effective approach that created over 80,000 units before it was undermined by extensive media misinformation and government cutbacks during the 1980s. It was also one of the most

14 See Ian MacPherson, *Building and Protecting the Co-operative Movement: A Brief History of the Co-operative Union of Canada, 1909-1984* (Ottawa: Co-operative Union of Canada, 1984).

15 See A.F. Laidlaw, *Housing You Can Afford* (

successful examples of sector/government collaboration in the history of the Canadian co-operative movement.

Perhaps the most outstanding example of how co-operatives and the government collaborated in the development of an expanded co-operative presence in the petroleum industry of western Canada, through partnerships in the creation of Coenerco, a petroleum exploration company that achieved limited success, and the expansion of the Co-operative Refinery in Regina, which became an outstanding success almost immediately.¹⁶

All of these activities fostered considerable optimism within the movement culminating in a Future Directions Committee that sponsored a series of workshops and a large congress in 1983. The Congress recommended adopting an aggressive approach to government relations and supported partnerships with governments in addressing pressing social and economic issues. The Committee's work also highlighted the issue of how well the co-operative sector and government connected, particularly in Ottawa. The problem was a classic one for co-operative movements. Because co-operatives are involved in so many kinds of activities – agriculture, fishing, forestry, consumer stores, insurance, banking, trust services, housing, and childcare, to mention only the most common forms in Canada – they relate to a variety of government departments and are affected by numerous government policies. On the one hand, the movement has to provide readily such diverse expertise on these various kinds of activities that it is hard pressed to do so. On the other hand, governments are not structured to relate easily to such a broad spectrum of economic activities touching so many departments.

The problem was not just an academic one to be discussed in the rare moments of reflection Canadian co-operators allowed themselves. It was evident in many different quarters. The Québécois, English-Canadian and Acadian financial co-operative sectors, concerned about the ways in which the regulatory systems were changing, employed full-time people to represent their views to bureaucrats in both federal and provincial Ministries of Finance.

16 See B. Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928-1988* (Saskatoon: Western Producer Prairie Books, 1989).

They soon found themselves hard pressed to keep up to the rapidly unfolding revolution in the delivery of financial services to Canadians. The expanding programme in overseas development activities required continuous monitoring by the movement. The threats to co-operative housing concerned individuals and organisations, including some outside of the sector specifically. The federal attack on agricultural support systems, such as the Crow rate and the marketing of different kinds of grains, made some farm leaders realize that the entire co-operative movement might be a useful ally. The potential for worker co-operatives was being more widely recognized and its development would depend upon changes in legislation governing economic development and unemployment insurance as well as the accumulation of financial resources that would make significant development of that sector possible. The pressures for more capital, particularly within agricultural and financial co-operatives was triggering reconstruction of balance sheets and some movement towards demutualisation. The need for a broad relationship with government over a number of sectors had finally become evident to a substantial number of co-operators and many co-operative organisations.

The heightened sense of a need for co-operative/government partnership was best achieved within Québec. The rise of the Parti Québécois and the increasing demand for more control over economic and social life entailed in that political outburst redounded to the benefit of the co-operative sector. The mouvement Desjardins increased its commitment to the development of co-operatives of all kinds. The government, particularly but not exclusively when the Parti Québécois was in office, supported the movement in diverse ways. The academic community, already strongly tied to French intellectual traditions, popularized the more flexible and innovative approaches associated with *l'économie sociale* in France and other European countries. The result was a heady period of extensive co-operative development, encouraged by the sector, fostered by government and led by committed co-operators. The results were particularly evident in worker co-operatives, particularly in the forest industries, and in social co-operatives, many of them involved with meeting the needs of the elderly and the poor.

To a lesser extent, the province of Ontario briefly in the early 1990s and the province of British Columbia throughout most of the nineties also witnessed increased activism on behalf of the development of the sector. As in the case of Québec, the interest was largely focused on new co-operatives, particularly worker and “social” co-operatives in the health and service industries. Over 300 new co-operatives were created in British Columbia, the most that had been formed at any time in the province’s history. All told, signs of a rebirth of interest in co-operatives, unparalleled since the Great Depression, were widely evident, many of them the result of direct promotion by the state.

These pressures and developments led to the enhancement of the apex organisations within both Francophone and Anglophone movements. In Québec, the co-operative council took on an expanded role as did the *Conseil canadien de la coopération* in Ottawa. Within English-Canada, more dramatic developments took place as the Canadian Co-operative Association was formed through an amalgamation of the Co-operative Union of Canada and the Co-operative College. At about the same time, the lobbying activities of the financial co-operatives on a national level were merged with those of other co-operatives and this pattern was replicated on the provincial level within co-operative councils. A greater degree of co-ordination between the Anglophone and Francophone sector was also achieved in working out representation to the International Co-operative Alliance and in developing practical approaches to joint lobbying activities with the federal government, particularly in the development of new national co-operative act passed in 1998, followed by similar provincial acts over the next two years. The odyssey begun almost a century earlier in the failed bills of F.D. Monk was finally over. Most importantly, though, and in contrast to where the government/co-operative relationship had been in the past, it was a period evidenced by increasing sophistication on the part of the sector, and a steadily more reliable base of information on the state gathered by the national organisations.

The flow of information was also facilitated by the Co-operatives Secretariat created in 1987 from the Co-operatives Section

of Agriculture Canada, the unit that had, since the 1930s, been responsible for collecting statistics on co-operative enterprises in Canada. The secretariat, which owed much to the efforts of Senator Hazen Argue, was developed to provide improved liaison between Canadian co-operatives and the numerous federal departments involved with co-operatives. It worked through an Interdepartmental Committee on Co-operatives and relied upon an Advisory Committee composed of well-known and respected individuals from the sector. While it has not been able to overcome all the barriers to co-ordinated co-operative action presented by Departmental interests and traditions, it has helped to make the total co-operative approach better known to government. It is the best answer yet found to the question about how the sector might be better understood across government departments and agencies, a question first raised in 1906 and still not completely answered.

This paper provides a survey of the historical relationships between co-operatives and the state as they have developed over time. Given the scope of the paper it can be only a preliminary foray into what is a fascinating and important, though inadequately treated, subject for students of the Canadian movement.¹⁷ It has suggested that the relationship between the sector and the movement have been blurred by a number of complicating factors. The sector has never been as consistent or as forthright as it should have been. The movement has had a core of leaders and thought but they have had to fit within organisations struggling to survive in the marketplace and driven by strongly practical concerns. Many co-operatives, especially in the agricultural industries, have found it more natural and useful to approach government through their sector organisations. They found more receptive and un-

¹⁷ There is one book that examines parts of the record of co-operative-government relations at the federal level in Canada. It is David Laycock, *Co-operative-Government Relations in Canada: Lobbying, Public Policy Development and the Changing Co-operative System* (Saskatoon, Centre for the Study of Co-operatives, 1987). It is a thoughtful and useful volume in situating co-operative lobbying efforts within contemporary theory and in discussing some of the limitations of lobbying undertaken by co-operatives during the later 1980s. It is not a book that discusses fully the nature of the relationship between co-operatives and the state, nor one that provides a deep historical understanding of the broad development of that relationship.

derstanding audiences among politicians and bureaucrats if they came as farmers or fishers not co-operators; moreover, they could often find powerful allies if they could unite on some issues with private traders and other farmers who were not members of co-operatives.

The movement has also been bedeviled by the complexities involved in understanding how co-operatives should relate to the Canadian state. The most obvious complexities have developed because of the shared federal/provincial distribution of powers. The failure of the federal legislative efforts nearly a century ago created a need for lobbying efforts on both levels of government, efforts that have strained the resources of the movement significantly and created differences across the country. It is only in recent years that the passage of federal and provincial legislation has created the opportunity for greater degrees of uniformity and even that has been at a cost. One could argue, for example, that an underlying current in the revisions of co-operative legislation in recent years has been the desire, most obviously among regulators, to harmonize co-operative legislation with the legislation governing private companies. This is demonstrated by the relaxation of rules governing capital formation and the addition of “outside” directors.

The movement has also encountered difficulties in transcending the barriers created by the administrative structures of government. Department and agency structures channel administrative responsibilities and define the interests of public servants; they normally demarcate the field of ambition that shape the careers of political leaders. The problem for the movement, therefore, is to articulate effectively the interconnected nature of co-operative enterprise and co-operative thought; to demonstrate why a group of credit unions might have an interest in how barley is marketed or a group of consumer co-operatives in how care is provided to elders. Such an approach does not fit easily into institutional structures consciously and unconsciously designed to serve the interests of private firms.

The history of state/co-operative relations has demonstrated considerable evolution over time. There is no doubt the sector has

become increasingly more sophisticated and professional in how it deals with the state. The tendency has become particularly evident since the 1980s as the development of the “New Economy” has forced fundamental changes in the financial industries and in the social welfare systems. It also reflects a growing interest among co-operators in how the movement can meet social and economic needs emerging as Canadian society is transformed.

The emphasis on developing new kinds of co-operatives in recent years inevitably brings to the fore the basic nature of co-operative relations with the state. Within international co-operative circles, the Canadian movement has become one of the staunchest advocates of what might be called the liberal approach to co-operativism. It is a firm proponent of independence from the state and of unfettered participation by co-operatives in the market place. Within English-Canada there has been a long-standing predilection toward seeing co-operatives as being quite distinct from what others would call the “social economy” – the mutual and volunteer sector – although that tendency is weakening in recent years.

In retrospect, this sometimes rigid separation of co-operative and state spheres of activity does not gibe easily with the historical record of co-operatives within Canada. The truth would appear to be that governments have done much to foster co-operative development over the years, particularly in the encouragement of new co-operatives.

Arctic Co-operatives Limited¹

If you go on a seal hunt using breathing holes to hunt seals, and you go by yourself, and if you cover only one of the breathing holes, you don't have that much chance of being lucky. A seal has five or six breathing holes, so the more you can cover, the better, and so usually the whole camp would go out – with their dogs – and try to cover as many holes as possible and everyone shares. And that is why I think the Inuit took so easily to co-operatives.²

SURVIVING ON THE Arctic tundra and its coasts has always been an unrelenting struggle; harvesting the region's treasures, be they on land or sea, has always been a stark challenge. In the days before the market and the modern state transformed the northern economy, human beings had little option but to work together; they had no choice but to practice pragmatic communal collaboration. Thus the Inuit and Inuvialuit had developed deep traditions of informal familial and group co-operation long before southerners, public servants, missionaries, co-operative enthusiasts, and social engineers encouraged the development of formal co-operatives among them. Those traditions would become vital contexts within which the institutionalized movement could be established and, in general, would flourish.

Origins

European and southern interest in the Arctic region goes back for centuries, but the Canadian government, which accepted respon-

¹ One of the most challenging kind of enquiry in Co-operative Studies is to try to understand how the co-operative form is applied across cultures, perhaps most particularly when Indigenous people are involved. This article is a preliminary effort to do so...and to learn from what is revealed. It appeared originally in *A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth*, by Lou Hammond Ketilson and Ian MacPherson. © 2001 Centre for the Study of Co-operatives, University of Saskatchewan. Reprinted with permission.

² Interview, Andrew Goussaert, by author, 15 July 1986.

sibility for the Arctic region in 1880, only emerged from its “state of absent-mindedness” about the region during the 1950s. The reasons for the waking are not hard to recall. The alarms raised by the deepening Cold War rang as loud in the Canadian Arctic as anywhere. The public outcry over stories of abject poverty and high mortality from diseases that would have been curable in the South shamed many southern Canadians. The desire to tap into the extensive mineral wealth of the region stirred many southern entrepreneurs. The drive to create a uniform, national social safety net stretched north as much as it did east and west. All of these pressures revolutionized the way the Canadian government and its territorial representatives carried out their responsibilities in the North. Even more importantly, they reshaped Arctic societies in a rapid and sometimes brutal way. Amid the transformations that took place, the formal co-operative movement, with its distinct way of carrying out business and building local communities, took shape.

Government officials began to discuss co-operatives early in the 1950s as the possibilities for the production and sale of northern Aboriginal art became evident, largely because of the work of James Houston and Don Snowden and, later, that of Alma Houston. Following an extensive study of the possibilities, the federal government announced its first five-year northern cooperative development programme in 1958. A year later, the first co-operatives were organized in George River and Port Burwell (the Kikitoayak Eskimo Co-operative).

Promising starts by the two co-operatives encouraged people in several other communities and the southerners associated with them to develop co-operatives. The major government drive to create co-operatives occurred during the 1960s and early 1970s. By 1970 there were thirty cooperatives in the Northwest and Yukon Territories; by 1975, there were forty-one. In subsequent years more were gradually added until the number reached the mid-forties; they could be found in almost all the major communities in the region. As the co-operatives reached a “steady state,” between 90 and 97 percent of their memberships were Aboriginal

and their elected boards were almost universally made up of Inuit, Inuvialuit, and Dene.

The expansion of the 1960s and the early 1970s was the result of an effective partnership between northern Aboriginal peoples, government officials, and southern co-operative leaders. The challenge was to translate informal, traditional forms of collaborative behaviour into effective participation and management of co-operatives. Much had to be comprehended in a short period of time. Aboriginal peoples had to learn about the organization and operation of formal, legally constituted institutions. They had to adapt their consensus model of decision making to the more formal methods of voting and delegation typical of co-operative enterprise. They had to learn how to participate in formal democratic practices: how to carry out elections, how to conduct meetings, how to delegate responsibility to elected leaders, and how to effectively utilize regular and annual meetings. Some, particularly those elected to boards or employed by the co-operatives, had to learn how to harmonize the democratic aspects of their cooperatives with the need to function in the market-place: they had to understand balance sheets, turnovers, and audits. Learning all these skills and understandings became a remarkable exercise in adult education for the generation that was dominant in the 1960s and 1970s. Doing so created a cadre of leaders in the Arctic communities who were somewhat separated from the political and traditional leadership of those communities; a cadre for which the co-op became the main focus of their economic and many of their social ambitions.

Champions

Because of this learning curve for northern Aboriginal peoples, the involvement of public servants and other southern sojourners was particularly important in the early development of the northern co-operatives. An especially instrumental role was played by officials within the then Department of Northern Affairs, which had responsibility for the northern co-operatives until 1970, when

responsibility for co-operatives was generally handed over to territorial officials. Two of the most important of the championing officials in Northern Affairs were Paul Godt and Alexandr Sprudz, recent immigrants who had learned about co-operatives in the strong movements of their respective homelands of the Netherlands and Lithuania. Both travelled extensively in the North and lobbied assiduously within the federal government to secure the resources that made the development of the northern co-operatives possible. They found allies within the Co-operative Union of Canada (the forerunner of the Canadian Cooperative Association), notably Alexander Laidlaw and Ralph Staples. They were aided by several European and southern individuals in the northern communities: typically priests, teachers, and police officers who provided much of the technical expertise and advisory services groups needed to form and to operate co-operatives. One of the transplanted Europeans, Andrew Goussaert, became a tireless promoter of co-operatives in the North and a central figure in the development of the northern movement. For his work over nearly three decades he was recognized nationally by the English-Canadian movement, the only person in the history of the movement to have been so recognized.

The work of such people as Sprudz, Godt, and Goussaert demonstrates the absolutely crucial role played by champions in creating the northern co-operatives. That does not mean that the roles played by Aboriginal leaders and members were not critical as well, because they were. The point is that there was an essential transmission of understanding and training that made the Arctic co-operatives possible, and that exchange took place over a period of time. As in the development of co-operatives in all parts of the world, Aboriginal or non-Aboriginal, then or now, the Arctic co-operatives required careful nurturing by informed champions during their formative years.

The federal government helped the co-operatives in a number of specific ways. It funded the early training of the elected leadership and members. It facilitated the training of managers and helped organize the annual sea lifts that brought most of the consumer goods for the communities northward. It helped the co-ops

secure government contracts for the delivery of services and the construction of homes. It provided direct support through guaranteed lines of credit, grants-in-aid, the promotion of Aboriginal art, and support for conferences. Until the mid 1960s, public servants in Ottawa sorted, stored, and sold the northern art brought south each year by the supply ships.

The Art Business

From the beginning, the northern co-operatives were engaged in two kinds of businesses. One, the more glamorous and better known, was the encouragement of the production of northern art and its sale outside the region, primarily in the Canadian South. In its earliest days, it too was a business that owed much to the energies and expertise of southern experts and supporters. It was always a business, however, that was based on Arctic Aboriginal views of reality, traditional forms of representation, and stories derived from the Arctic cultures.

The art business was organized according to a classic co-operative marketing model, emphasizing control over the quantity and quality of the “product” as well as the careful development of the marketing process. In its earliest days, the business was regulated by the Canadian Guild of Crafts in Montréal which ensured that the quality was high – at least as that was understood by southerners interested in Aboriginal art. The art was distributed through southern stores and encouraged by southern government officers and federal politicians; it was promoted through a growing network of art stores in Canada and, gradually, in some other countries as well. It was in many ways a controlled market, one that could guarantee a reasonable return to northern cooperatives (and their artist/members), particularly in the time when southern sojourners were few in number and when individual northern artists had few opportunities to sell outside the region.

The kind of art produced in the Arctic co-operatives has changed dramatically over the years. The first kinds of art, naturally enough, were extensions of the art traditionally created by

the Arctic peoples; much of it was made from soapstone, animal bones, and hides. As southern technology for printmaking became commonplace and southern materials were introduced, the Arctic artistic flare, forms, and perspectives were transferred to other media and new markets. By 1999, more than a thousand northern artists in Nunavut and the two territories were selling their work through the co-operatives. It had become one of the most important sources of income for the region's Aboriginal peoples. It was a good example of the instinctive entrepreneurial capacity of northern peoples.

The Other Businesses

The other kind of business, in reality more important in the long run, grew out of the development of retail stores in the Arctic communities. Because of the isolation of the Arctic settlements and the domination of two chain stores in the region, the cost of consumer goods was always a major issue among northern peoples. Co-operative stores, through their transparent accounting systems, could be held accountable for the charges they levied on the goods they sold, the only significant variable being the effectiveness of their management. At the very least they were marketplace regulators of the pricing of consumer goods. For that reason alone, they soon became a common feature of almost all the northern communities. Most importantly, the co-operative stores contributed significantly to the development of the social capital of the region. By the time they reached a steady state of about forty-five stores, they were involving some 250 people annually on their board of directors. Over the years, the co-operatives have trained an estimated 2,000 people in their roles as directors. They have also been for many years significant employers – indeed, after government, the second largest employer of Aboriginal peoples in the North. Today, they employ directly 750 people and they have developed training programmes that, formally and informally, have educated thousands of northerners.

During the 1960s and 1970s, the movement was particularly engaged in the training of people both within the region and in classes at the Co-operative College of Canada in Saskatoon. In a way they were too successful, as the people once trained moved on to other jobs and vocations. Many of the elected people went on into the politics of the region, within Inuit organizations, in the House of Commons and, ultimately in the Nunavut Legislature. Many who first earned employment in the co-operatives went on to work in government and private companies, attracted by southern pay scales and better fringe benefits. Several went into business for themselves, sometimes in competition with the co-operatives where they had once worked. This continuous expansion of “human capacity” was an important contribution to the social and political economies of the northern region.

As the years went by, the northern co-operatives became a considerable engine of growth for the Arctic region. In many communities they were the only private business; in others they were significant competitors in the retail trades, the only protection from gouging by private companies. The co-ops were also remarkably entrepreneurial as they became engaged in whatever kinds of businesses made economic sense: they operated repair shops for the skidoos they sold, ran hotels, organized charters for southern tourists, provided mail service, delivered fuel, opened video shops, built houses, and operated cable television services. They became remarkable testimonies to the capacity of northerners, particularly Aboriginal northerners, to tailor business activities to whatever economic opportunities existed.

Creating Arctic Co-operatives Limited

Effective co-operative movements are typically about more than local co-operatives; they are almost invariably organized in federations, groupings, or alliances that achieve benefits of scale by working together to purchase jointly whatever goods or services they need, to collaborate in training programmes, to sell collectively when it is in their interest to do so, and to lobby govern-

ment when it is necessary. These coalitions, in tangible and intangible ways, are central to co-operatives achieving their full potential and to the maximization of the benefits of co-operativism for both members and their communities. Discussions about forming a federation of co-operatives began almost at the same time as the northern movement itself. In 1963, representatives from sixteen co-operatives gathered in Frobisher Bay (now Iqaluit) to discuss the possibilities at length.³ The first pan-Arctic gathering of Inuit, Inuvialuit, and Innu, it was a remarkable event, filled with excitement as people from the eastern and western Arctic gathered in significant numbers; as people communicated through interpreters in dialects that were similar yet different; as the vision of a pan-Arctic co-operative movement owned by the people captured the imaginations of many of the people in attendance. One might even say that the first glimmer of a pan-Arctic Aboriginal brotherhood was born at that meeting.

Three years later, representatives of twenty-four co-operatives met in Povungnituk to form Canadian Arctic Producers to market arts and craft, initially through the offices of the Cooperative Union of Canada located in Ottawa. It was an important step in the evolution of the Arctic co-operative movement. The development of a wholesale organization for the northern co-operatives in the Northwest and Yukon Territories took a little longer and it was somewhat controversial.⁴ The competing stores in the Arctic naturally resisted the growth of the co-operatives. In the late 1960s, the coops were denounced by a Yellowknife newspaper, the speaker of the Council, and the commissioner of the Northwest Territories as being a Trojan horse for socialism. Consequently, before 1970, when responsibility for co-operatives was transferred to the territories, support from the territorial government was lukewarm and guarded. Afterward, for a number of years, the support was less freely given than it had been during

3 Eleven of the co-operatives were located in the Northwest Territories, five in Nouveau-Québec.

4 The situation was less complicated in Nouveau Québec and a wholesale was speedily created, La fédération des coopératives du Nouveau-Québec, was established in 1967.

the days when the Department of Northern Affairs was primarily responsible.

It was not until 1972 that the territorial government allowed the northern co-operatives to form a federation, some five years after it had received the first request to do so. The Canadian Arctic Federation of Co-operatives (CAFC), formed that year, opened an office in Yellowknife. CAFC immediately undertook a wide range of services, including audit and educational programmes and merchandising and transportation services. It also became more closely associated with southern co-operatives. Its connections with the Co-operative Union remained strong; it continued to use the services of the Co-operative College in its training programmes, both in Saskatoon and in the North; and it began to use Federated Co-operatives Ltd., the wholesale for western Canadian co-operatives, to secure its consumer and dry goods.

Within two years, however, CAFC was facing serious problems, necessitating a campaign to raise more funds during the period 1975–1978. While some of the increased funding came from the fledgling co-operatives, most of it came from the federal and territorial governments. They guaranteed a bank loan of \$3.2 million; made annual contributions of nearly \$300,000; provided low-cost loans to local co-ops; and provided \$240,000 annually for training/ educational programmes. While this assistance was substantial, it was not out of line with the kind of assistance governments gave, directly and indirectly, to southern companies striving to develop businesses in the North.

The pressures of the 1980s forced the leadership of Arctic Co-operatives, both in the central and local organizations, to focus almost entirely upon the needs of their businesses. Thus, though co-operatives had played an important role in encouraging the deepening Inuit/ Inuvialuit sense of identity in the period – and was so evident in the development of the Inuit Tapirisat and the emergence of the land claims issue – the co-operatives became less evident than they had been in Aboriginal politics; less obvious as the primary voice for the development of an Inuit-led economy. It is a trend that is important in understanding the place of co-operatives a decade or so later.

Creating Stability

Because of the influx of funding and its growing managerial ability, CAFC and most of the cooperatives did well until the early 1980s. The art business grew steadily, the operations of local cooperatives improved considerably, and the competence of leaders, both elected and paid, improved. Then the high interest rates so typical of the 1980s began to have their effect. By 1984, the entire system was facing bankruptcy. The dawning crisis precipitated the amalgamation of Canadian Arctic Producers and the Canadian Arctic Federation of Co-operatives to form Arctic Co-operatives Limited (ACL) in 1982. The new organization consolidated its offices, one of which was in Yellowknife, the other in Ottawa. After re-searching a number of locations, it located its head office in Winnipeg in 1985, a move that would save an estimated \$450,000 annually. The move also permitted the organization to distance itself somewhat from government and the kind of binding, official and unofficial, that had emerged from the financial support given in the later 1970s.

The most important step in achieving increased autonomy, however, came with the advent of the Arctic Co-operative Development Fund (ACDF). Amid the problems of the mid-1980s, the federal government advanced \$5 million through its Native Economic Development Programme to help local co-operatives purchase supplies and modernize their facilities. The Department of Indian Affairs and Northern Development advanced another \$5 million for the refinancing of the co-operatives. The Government of the Northwest Territories wrote off \$1.5 million it had invested in a parka factory that it had encouraged Arctic Co-operatives to take over some years earlier, and advanced \$500,000 for development projects within local cooperatives. These funds made it possible for Arctic Co-operatives to deal finally with the immense cash-flow problems created by the annual ordering programme of its central and local organizations. Most significantly, the funds were administered in such a way that nearly \$10.5 million went into a new organization – the Arctic Co-operative Development Fund – in effect, a revolving fund that created a permanent capital

pool and meant that local co-operatives did not have to borrow significant funds from other financial institutions.

Since 1985, the northern co-operatives and Arctic Co-operatives have enjoyed almost uninterrupted success. ACDF has grown to nearly \$28 million, making it one of the most successful Aboriginal funds in Canada. Between 1985 and 1999, more than \$15 million were returned to local co-operatives – money that otherwise would have gone outside the region to investors in other stores in the North. The trajectory of dividends has also been almost consistently upward and the amount returned in the last few years has been approaching \$2 million. The consolidated asset base has grown from \$15.5 million in 1982 to more than \$82 million in 2000. Membership has increased to over fifteen thousand, and the number of employees has increased to 740, almost all of them Aboriginal peoples. The art programme sells the work of more than a thousand people. A multiyear information system has been introduced and the hotel chain operated by the co-operatives has embarked upon a programme of upgrading its facilities.

Lingering Issues

The development of the co-operatives in Nunavut, the Northwest Territories, and the Yukon is a remarkable story involving the mastering of difficult business situations. One cannot over-estimate the complexities of conducting business across such a vast region as that served by Arctic Co-operatives. The sheer distances involved, the difficult (and expensive) transportation systems, the high costs of northern construction, the challenges in creating uniform and effective accounting systems, the difficulties in building viable businesses in communities, many of which contain only three to seven hundred people – all of these elements would strain the capacity of any entrepreneurial organization. Those struggles continue, as they always will.

Beneath all these challenges lies a constant issue: the continual demand for well-trained people, both elected and employed. One of the casualties of the 1980s was the decline of training

programmes, partly the result of declining government support, partly because of budget cuts within the co-operatives. The inadequate training of personnel has subsequently affected the rate at which Aboriginal people have been able to assume leadership roles within the cooperatives. It has been less of a problem on the elected side of the leadership equation. Boards at the local level are almost entirely made up of Aboriginal people, as have increasingly been the boards of Arctic Co-operatives and the Arctic Co-operative Development Fund.

The main problem has been at the managerial level, where most of the managers, some of them albeit long-standing residents of the North, are typically southerners. While appreciative of the efforts of these transplanted leaders, the co-operatives have long stated a desire to develop more Aboriginal managers, not only to provide more opportunities for northern youth, but also to ensure that the most public face of the co-operatives reflects the realities of the memberships.

The challenge of developing managerial capacity, of course, is broader than an internal issue for the northern co-operatives. It is in large measure a consequence of the shortage of educational opportunities in the North. It is further complicated by the way in which government policy for educational – and for key economic – development has unfolded in recent years. The federal government, since the release of the *Report of the Royal Commission on Aboriginal Issues*, has emphasized decentralized decision making in the political organizations of Aboriginal peoples, in the North Regional Inuit Associations, and the Inuit Tapirisat. It has preferred contracting out the delivery of services through subsidiaries of the Aboriginal organizations – community economic development organizations and development corporations owned by shareholders on a regional basis – NUNASI Corporation in Nunavut, for example, and the Qikiqtaalik corporation in the Baffin Region. In fact, the proliferation of development corporations in response to the government decentralization efforts, the natural desire of local communities to control their destiny, and the need to find ways of channelling money from land settlements into communities have

been some of the most important changes in the financial infrastructure of the Arctic region in recent years.

While these changes were understandable, particularly within the framework of the Canadian Aboriginal Economic Development Strategy, they have had the effect of isolating somewhat the Arctic co-operatives. The Arctic co-operatives span the region and work on a system-wide basis that does not coincide with the regional emphases of the unfolding policy framework. The issue has been complicated by the fact that the co-operatives are not entirely Aboriginal, thereby making them unacceptable for much of the new funding allocation system. It is an unfortunate situation since the co-operatives are well over 90 percent Aboriginal in membership and they have served as particularly effective instruments for Aboriginal entrepreneurship. In a way, the current practice undermines one of the historically most important forms of Aboriginal participation in the market-place.

The issue becomes vitally important because it largely excludes the Arctic Co-operatives from region-wide participation in the Aboriginal Human Resources Development Strategy. It has meant general exclusion from the Aboriginal Capital Corporation, although studies are underway to see if the problems can be addressed. Both issues are critical for the development of co-operatives in the Arctic, and there is some need for discussions with the leaders of Aboriginal organizations and government officials to ensure that the co-operative model, which has been so beneficial to Arctic people and their communities, is not unintentionally or thoughtlessly ignored in the future.

Lessons Learned

Along with the Aboriginal co-operatives in Nunavik, the case of Arctic Co-operatives is the most successful Aboriginal experiment with co-operatives in Canada. What explains the successes ACL has achieved? The following factors seem to be particularly important.

- There were several clear needs that the co-operatives could meet.

One Path to Co-operative Studies

- The Inuit and Inuvialuit were receptive to the idea of co-operatives.
- There was a small coterie of champions who made major contributions to sustaining the co-operatives, particularly in the early years.
- There was a profitable business – the art business – that provided important income over the years.
- There was sufficient funding to permit success despite adverse economic pressures and the complexity of conducting business over almost the entire Arctic region.
- Progress was not achieved quickly or easily.
- The co-operatives managed to separate themselves from too close a relationship with governments.
- They have developed an innovative funding system through the Arctic Co-operative Development Fund.
- The development of human resources is the most important underlying challenge confronting co-operatives.
- In particular, there is a need to develop Aboriginal leaders as expeditiously as possible.

They are lessons that might usefully be kept in mind by those wishing to start Aboriginal co-operatives in other parts of Canada.

The Chronology of Arctic Co-operatives

1959	First co-operatives formed
1963	“Frobisher Bay” conference
1966	Povungnituk Conference
1966	Canadian Arctic Producers formed
1972	Canadian Arctic Federation of Co-operatives formed
1982	Canadian Arctic Producers and Canadian Arctic Federation of Co-operatives unite to form Arctic Co-operatives Limited
1985	Arctic Co-operatives Ltd. head office moved to Winnipeg
1986	Arctic Co-operative Development Fund created

Section Two

Matters of Identity

The Co-operative Identity Statement¹

Definition:

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values:

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles:

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

¹ As adopted by the International Co-operative Alliance at its 1995 Congress in Manchester.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Speech Introducing the Co-operative Identity Statement to the 1995 Manchester Congress of the ICA¹

TODAY AND TOMORROW we will be carrying out one of our obligations to the continuing life of the international co-operative movement. Like co-operative leaders in other generations we will be re-examining our movement's basic principles and reconsidering its fundamental purposes.

These perpetual quests, which seem necessary to undertake every thirty years or so, are one of the great strengths of our movement. They force us to drink deeply from our rich and diverse heritage. They compel us to consider respectfully and humbly the complexity of a movement that spans the globe. They require us to examine the record of co-operative achievement of institutions as small as a largely informal neighbourhood childcare co-operative or as large and complex as the organisations in whose buildings we are meeting. They become processes of renewal from which we gain a reinvigorated sense of purpose; they are experiences in intellectual broadening from which we can all benefit.

We are in the ideally named New Century House, a reminder that we are not the first co-operators to think positively and constructively about the future on the occasion of achieving an historic milestone. We are in a complex of buildings belonging to the British Co-operative Wholesale Society, Co-operative Bank, Co-operative Insurance Society, CRS (Co-operative Retail Society), and Co-operative Union, all organisations renowned and admired throughout the international movement.

As we walk the streets of this city and others nearby, it is not difficult to find co-operative outlets: banks, shops and insurance offices that suggest the strength and vitality of the British move-

¹ Speech given in 1995 at the International Co-operative Congress, Manchester, United Kingdom, to start the discussion of the adoption of *The Co-operative Identity Page*.

ment. If we journey northward, we can find the store of the Rochdale Society of Equitable Pioneers, out of which, as David Thompson has reminded us in his delightful recent book, emerged a tradition that still stirs the heart of human beings everywhere. If we go a little farther north we find, wonderfully preserved, Robert Owen's New Lanark, still a beacon for those who would create better communities and a place visitors to this conference should visit if they can.

We are in an appropriate place, too, because we see all around us the buildings - the factories and warehouses - that remind us of the power, impact and complexity of the industrial revolution. That re-evaluation is important to us because it provided the context out of which our movement, rural as well as urban, international as well as British, originally grew. As Professor Birchall has explained in the valuable book he has written for this Congress, our movement largely emerged to control democratically the immense economic and social changes wrought by the industrial revolution.

It is an ambitious vision of steadily widening influence we would do well to remember. But we can also readily see in the streets around us how much that context has changed. The smokestacks are stilled. The armies of working people who flocked to the mills and factories have been reduced to battalions. The beautiful buildings once hidden beneath the inevitable, depressing grime of the old industrialism have been refurbished, restored in anticipation of a different kind of economic vitality. As one walks the streets, too, one sees many manifestations of a new and different context: the prevalence of service industries, the ubiquitous presence of the computer, global trends in styles and customs, the soaring skyscrapers of powerful financial industries, the mixtures of people drawn from all over the globe, the furtive looks of underemployed youth, the names of companies whose head offices lie thousands of miles from these shores. Much of our past is associated with Manchester; much of what must be part of our future can also be gleaned here.

We are in an appropriate place to end the journey that began seven years ago when our president, Lars Marcus, challenged the

international movement to re-examine its basic values and to provide a clear picture of the movement's purpose, especially for the troubled parts of the world and for those whose faith in co-operative enterprise was waning.

That challenge was picked up by the international movement. At the Tokyo Congress three years ago the first stage in the resultant discussions came to an end when we considered the work on co-operative values so ably led by Sven Ake Böök of Sweden. Today and tomorrow we move forward; today and tomorrow we will shape our movement once again, preserving what is important and adding what we must from our rich heritage and our common experience.

The focuses for our discussions are three documents: a page that provides summative statements explaining the distinctiveness of co-operatives; a background paper that expands on that page more fully; and a declaration which provides some directions for co-operators and their organisations as they look forward into the next century.

I would like to provide some explanation for how these documents were prepared during the years since the Tokyo Congress. First, I distributed a questionnaire to ICA member co-operative organisations to ascertain attitudes towards the current Co-operative Principles. The results of the survey, while hardly scientific since not all kinds of co-operatives in enough countries around the world responded, were nevertheless instructive. They revealed some unhappiness over the existing Capital Formation Principle as well as concern over the omission of a specific reference to gender, the lack of a definition of a co-operative, and the general absence of a reference to values and community obligation.

My primary reference group for considering these results and for exploring alternatives consisted of six people: Ms. Raija Itkonen and Dr. Yehudah Paz, both from the board of the ICA; Dr Hans Detlef Wulker from the International Raiffeisen Union; Dr Masahiko Shiraishi from Tokyo University, an expert in agricultural co-operation; Dr Hans Munkner from Marburg University, who has done more in recent years than any other individual I know to shape co-operative legislation around the world; and Bruce Thor-

darson, the Director-General of the ICA. Altogether we met four times to discuss various drafts, particularly of the co-operative identity page. They were, for me at least, particularly memorable occasions in which discussions were frank and open and in which a wide range of co-operative experiences shed light on some very complex issues.

I also referred early drafts of the documents to an advisory panel of fifty people scattered around the world. I am indebted to them for their reactions and suggestions, most of which I hope I have faithfully implemented.

As the months went by I circulated four drafts (out of some seventeen at one time on my computer) - so many that I know I caused considerable confusion for many people, though translators around the world are indebted to me for all the work I have created for them. The reactions I received to all those drafts, however, were invaluable in understanding what was important and necessary and what the limits of change were.

In addition, whenever and wherever it was possible, co-operators in various parts of the world met and discussed how the Principles should be changed. I attended as many of these sessions as ICA funding and my time constraints would permit. I was struck, both in the meetings I attended and those I heard about, by the degree of unity that was achieved and by the willingness on the part of all concerned to understand co-operative traditions that were different from their own. Finally, it is important to acknowledge the role of the Board of Directors of the ICA. The Board devoted two lengthy sessions to considerations of the Principles, a significant amount of time for any one topic in the life of such an organisation. I will long remember in particular our last meeting when the Board reviewed the Principles at length in preparation for this Congress. Again, a remarkably wide range of experiences, cast over many types of co-operatives and reflective of many national movements, was brought to bear on the major issues. Individuals with deeply-held convictions, indeed I suspect among the most important convictions of their lives, struggled constructively to find common ground. I think they succeeded remarkably well.

On a personal level, I want to thank you and the ICA for giving me the opportunity to be part of this process. It has been the most rewarding experience in a particularly fortunate co-operative career. Above all, I have been humbled by the immensity of the task of understanding the international movement. I do not mean 'humbled' in some obsequious way, but in the sense that there is so much to understand. I am a middle-aged, Northern, privileged male whose belief systems and characteristic attitudes have been shaped by that background, a background with much potential good in it but also severe limitations of understanding. For me, therefore, the greatest personal benefit has been in gaining a fuller appreciation of the different societies. My sense of the power and dignity of the movement has been deepened and I thank you for making it possible.

All of these deliberations and discussions, however, do not amount to a perfect process: it was merely the best that we could do. The resultant documents are similarly not perfect: they too are simply the best possible at a given point in time. In that respect, they are typically 'co-operative': when you try to mingle ideals and thought with action and practice, the results are always a little messy and rarely as conclusive as some would like. I firmly believe though that they are consistent with the best of co-operative thought and deed: they do show a path that we should follow.

The documents, I hasten to add, do not 'belong' to anyone specifically. They are not mine, they are not the resource group's, they are not the Consultative Committee's, they are not even the Board's, though all of the foregoing accept them. I do hope, though, that, with suggested additions that will improve them, they will be owned by this Congress.

I hope too that we will be able to sustain the spirit of openness and collaboration that has characterised this project from the beginning. Once more, I would like to pay tribute to all those so far engaged in it: women and men who have realised the necessity to accommodate different views, the value in hearing contrary opinions, and the need to reach outward to other peoples. I have learned in this project that 'I have read, I have experienced, I

know' is important, but it is not as useful as 'I have heard, I understand, I respect'.

The board has also adopted that approach, attested to most recently by a series of changes it made in response to resolutions submitted by member organisations. The Board of the ICA considered those resolutions on Monday. With some modifications they are going to be presented to you for consideration today and tomorrow. I will refer to each of them in turn as I review the identity page with you.

Over the last several months I have often asked myself: 'What is important about the revisions of the Principles?' Arguably, one of the important changes is not to the Principles themselves but, rather, that they have been placed in the context of a statement on 'the Co-operative Identity'. This general concern over identity, in a sense, can be traced back to Alex Laidlaw's report to the Moscow Congress in 1980, if not earlier. Alex sensed in that report a crisis around the world as the co-operative movement tried to maintain its distinctiveness from the private sector and as it struggled in many countries to escape the dominating influence of the State. They were concerns that were echoed in President Marcus' speech in 1988. There were reasons for even greater concerns in the early 1990s as uncertainty over state/co-operative relations grew amid the dismantling of most of the command economies, the restructuring of the economies in many Southern countries, and the headlong rush to full market economies in the industrialised world.

I believe that placing the Principles in the context of co-operative identity is an important step. One of the problems of the two previous formulations, I believe, is that they did not, of themselves, offer any understanding of their intellectual or philosophical roots. I think that omission was unfortunate because it unintentionally contributed to the tendency to see the Principles as a set of organisational injunctions rather than as an integral part of a coherent philosophy.

The explanation of the co-operative identity has three parts, each of them as important as the others. The first is a definition of a co-operative. This is the first time in the history of the ICA that

it has been possible to accept such a definition. In its deliberations on Monday, the ICA Board considered a resolution from the German movement requesting that 'cultural' be omitted from the proposed definition printed in the Congress booklet. This change emphasises that co-operatives are concerned primarily with meeting specific goals, including principle social goals, in the market place, as economic organisations. If members decide they would like their co-operative to undertake other activities that right is clearly provided for in other parts of the document. The Board did not see, nor do I, any difficulty in accepting this change especially in light of the entire document.

The importance of the definition, I suspect, will become more apparent as the years go by. As it is commonly used in public discussions, as it is included in legislation, and as it finds its way into training and teaching materials, it will help to create a clearer understanding of the unique structures and purposes of co-operatives. For the 'outside world', in particular, the definition may be the most important part of the identity page. It is also fortuitous that the definition conforms relatively well to the one adopted in 1966 by the International Labour Organisation, an institution with which the International Co-operative Alliance frequently collaborates.

From a philosophical perspective, the second part, which refers to the values is profoundly significant. The challenge in summarising values is that there are arguably so many of them that might be included. Those of you who have read Mr Böök's study will be aware of the complexities. In order to reduce the number of specified values to an acceptable size, they have been divided into two groups.

The first, which, as printed in your Congress book, includes self-help, democracy, equality, equity and solidarity, are particularly important because they directly underlie the organisational structure of a co-operative. At its meeting on Monday, the Board accepted the addition of 'self-responsibility' to the list. This suggestion, made by our German colleagues, emphasises the autonomous nature of co-operatives and provides a certain reference in the values upon which to base the Principle of Autonomy. The

Board concurred, as do I, with this view, believing that it clarifies an important part of our value system perhaps not clearly covered by 'self-help'.

Incidentally, I urge you sometime to study the Principles as manifestations of that particular list of values. The relationship is striking and powerful. It demonstrates, I think very well the integration of co-operative thought despite the varieties of experiences and outlooks.

The second list of values reflects the commitments co-operators have traditionally tried to bring to their organisations. They are: honesty, openness, social responsibility, and caring for others. In addition, the Board, at its Monday meeting, also listened to opinions that the phrase 'in the tradition of their founders' be added back to the Principle; it had appeared in several earlier drafts; the Board agreed to do so. I welcome that return because it indicates the fact that there are several 'founders' to our various kinds of co-operatives.

The final proposed version of the values statement therefore reads: 'co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others'. The third part of the identity page is the restatement of the Principles. Attempting such a task has been, as it was in the past, a daunting but rewarding exercise. Part of the challenge has been that, even more so than previously, we have tried to specify Principles that will apply to all kinds of co-operatives in all kinds of situations. Some have viewed the 1966 Principles as being still oriented towards consumer co-operatives. I hope that it is completely clear in the document before you that the Principles are equally applicable – to the maximum extent possible, keeping in mind the immense diversity of our movement – to all kinds of co-operatives.

In particular, I believe they are applicable to consumer, financial, producer, worker, and the main service co-operatives. One of the objectives of this process has been to make certain that all

of these great co-operative traditions feel equally at home in their international organisation.

I would also remind you that each sector, in general conformity with these Principles, is preparing its own Statement of Principles, elaborating on any specific needs it might have.

As you generally consider the Principles, I would urge you to think of two of their rather remarkable special characteristics. First, please note their inherent flexibility. I think each Principle demands a form of minimal behaviour from every co-operative. For example, under the Democratic Member Control Principle, a co-operative must invite members to 'actively participate in setting ... policies and making decisions.' What that actually means in any co-operative will vary considerably depending upon the type of activity in which it is engaged, the kind of decisions that must be made, and the nature of its member communication system. Inevitably, for each significant issue there will be a continuum of possible choices from which a co-operative can select the most appropriate. The only choice that is questionable is not to make a conscious decision or, more likely, a set of decisions.

All of the other Principles also require choosing among alternatives. In other words, the Principles are only guidelines that indicate minimal standards of organisational behaviour and continuously suggest further possible actions: they are not commandments. For me that quality of continually raising issues to be considered and resolved is part of their inherent wisdom and power.

Indeed, I must confess that, despite some thirty years of involvement in the movement, I had never before realised fully the animating quality that the Principles possess when they are employed properly. During this process, I came to realise that, perhaps like many others, the Principles had tended to be a checklist for institutional structures rather than a continuous and energising dynamic. As I look back I realise how much was lost in the organisations on whose boards I have sat because we did not regularly and seriously take advantage of the natural dynamics and objectives that truly alive principles can provide.

I urge you here and especially after Congress, therefore, to think of the Principles as active catalysts and not just as regulatory maxims. I firmly believe that the Principles before you represent a relevant amalgam of what the co-operative founders espoused for their movement, of what common practices have found valuable, and of what we can employ as a strategic advantage in the world around us. Far from being a constraint on what we do, as some might argue, the Principles will give us the insights and dynamism we require to become even more valuable in the future to the human family around the world.

The second general quality for which I gained a deeper understanding during this process was the profound way in which the Principles are interrelated. I came to believe that it was just wrong to emphasise any one Principle or even any group of Principles too much over the others. That is why I am not convinced that it is wise to list some of the Principles as 'essential' and others as 'desirable', as was done in the 1937 version.

The point is that the Principles are subtly intertwined with each other: for example, in the ways they reflect their base in the membership concept, on how they facilitate functioning aggressively in the market place, and in how they forge collective entities.

I and others came to the conclusion as the process unfolded that the 1966 formulation did not emphasise enough the importance of members in co-operative enterprises, perhaps because those involved in the earlier process took membership for granted since it seemed like an obvious 'given'. In contemporary circumstances, that is not desirable and it may not even be possible if co-operatives are to succeed. Thus the first three Principles, which refer most directly to the internal dynamics of the co-operative form of organisation, are phrased deliberately from the member viewpoint so that their diverse roles are clearly indicated. Similarly, the last four Principles – on autonomy, education, co-operation among co-operatives, and community – stress the centrality of member concerns in all these areas.

In fact, the most important emphasis apparent in these revisions has been a celebration of membership as the key element of

co-operative distinctiveness; in that connection, I commend the report of the joint project on member participation to you for your careful consideration. Members of that project team will be making their report on Thursday morning.

The new Statement also reflects the perspective that, while co-operatives are collections of individuals, they are also reflective of the joint concerns of the membership. In that sense the whole is greater than the parts. That is why, despite the challenges in finding appropriate wording, the board is suggesting that the practice of indivisible reserves be encouraged, a matter I will be returning to later. That is why, too, a concern for community has been emphasised, albeit within limits approved by members. That too is why the education Principle has been amended to mention the necessity of educating youth and opinion leaders specifically on 'the benefits of co-operation'.

The more one considers such fundamental themes, the more one becomes aware of the fact that the Principles are a seamless web: ignore any of them at your peril.

Before discussing some aspects of the revised Principles, I want to emphasise that I do not regard any of the so-called 'changes' as an aberration. As I listened to the ways in which co-operators proposed reinventing or expanding their organisations, as I explored the debates of the past, I came to realise that our heritage indeed, that co-operative philosophy is as profoundly broad as it is deep. Each Statement of Principles, past and present, in fact, is a selective set of choices drawn from that heritage in order to meet the most pressing needs of co-operators and co-operatives at a particular time. This report is no different in that respect: to paraphrase slightly a comment made by professor Karve, who chaired the 1966 committee it was 'a process of reburnishing which permits the underlying principles to shine with a brighter light'.

I would like now to discuss the Principles, not in detail but to mention some of the more important points of emphasis.

The First Principle, which refers to voluntary and open membership, has been significantly altered by indicating that people able to use a co-operative's services and willing to accept the responsibilities can not be excluded on the basis of gender. It is a

modest but important step in recognising one of the most important social revolutions of our times. It is also, I believe, in keeping with a powerful current evident in co-operatives since the mid-Nineteenth Century. In that respect, it is interesting to read the original rules of the Society of Equitable Pioneers from a gender perspective: they are remarkably free of reference of gender bias, especially considering the times. Given the background of many of the Pioneers, this characteristic of their rules was not accidental.

The Membership Principle has also added a reference to member responsibilities in the belief that many co-operatives do not explain these responsibilities adequately under the existing Membership Principle. Moreover, since one of the underlying themes of the Principles is to enhance the role of membership, it is important to emphasize responsibilities as well as benefits.

Perhaps the key 'new' elements in the Democratic Member Control Principles the Second Principle also relate to members: as I mentioned earlier, it requires that members should be actively involved in making decisions. There is also another addition, reminding elected leaders that they are accountable to members for their actions and decisions. It is a reminder of where power and authority within a co-operative should ultimately rest.

Similarly, the Third Principle, which deals with member economic participation, is strongly situated within a member perspective. It is different from the two previous principles on the financial operations of a co-operative in several respects. It is called 'Member Economic Participation'. It emphasises the vital importance of members controlling the capital of their organisation, and indicates that they should receive limited compensation on the capital they subscribe as a condition of membership. The Principle allows for a market return on capital otherwise invested by members. As for capital emanating from other sources, one would have to consider the implications of attracting such capital in light of the Autonomy Principle: the key concern must always be to preserve the capacity of members to decide the fate of their organisation.

There was much debate over the inclusion of a reference to indivisible reserves. The 1966 formulation did not refer to this normal aspect of co-operative economic structure perhaps because the matter had become increasingly complex and practices were beginning to vary. The unfortunate result has been that many co-operators have lost sight of the importance of commonly owned capital, as a symbol of a co-operative's distinctiveness, as a security for its financial growth, and as a protector in times of adversity.

The problem of including a reference to indivisible reserves has been finding the best wording for a limited space. After much discussion at two meetings, the Board decided, at its meeting last Monday, that the most appropriate wording, suggested at the European Region meeting, was to make two additions. The first was a sentence: "At least part of the assets is usually the common property of the co-operative." The second was to indicate that members, in allocating part or all of the co-operative's surpluses, should consider setting up reserves, part of which would be indivisible.

The complete principle would then read: "Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of the assets is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which would be indivisible; benefiting members in proportion to their transactions with their co-operative; and supporting other activities approved by membership. I think making such changes is particularly important, and I hope you will agree.

The already mentioned Fourth Principle is the new principle on Autonomy. In a way, it is a restatement of the Rochdale commitment to political neutrality with an added emphasis on autonomy, whenever co-operatives associate themselves with other organisations. It is a reminder of how necessary it is for co-operatives to guard at all costs their capacity for independent action. It is only when co-operatives are genuinely autonomous that they can follow the wishes and meet the needs of their members energetically.

The Fifth Principle refers to the long-standing and vitally important commitment to education. In many ways it is similar to the 1966 version except that it specifically mentions the need for co-operatives to inform young people and opinion leaders about 'the nature and benefits of co-operation'. The reason for making this addition was a perception that the movement was limiting its future by ignoring youth and failing to explain well enough the values and purposes of the movement to such people as politicians, public servants, educators, and commentators; the result has been a decline in the public understanding of the organised movement.

The Sixth Principle calls upon co-operatives to work together to best meet the needs of their members. It is a principle much like the Sixth Principle of the 1966 formulation. No less than in the recent past, it is a principle that needs to be more carefully observed in the present and future.

The last Principle refers to the traditional co-operative concern for community. At the Monday meeting, after reviewing submissions on this Principle, the Board agreed upon a slight change of wording and recommends to you the statement: 'co-operatives work for the sustainable development of their communities through policies approved by their members'. This Principle implies a commitment to sustainable human development and thus nicely blends with the report on 'co-operatives and sustainable human development'. In fact, the two reports make good companions.

Viewed as a totality, these Principles, linked to their sustaining values and summarised in the definition, indicate what is unique about co-operatives regardless of where they exist. In doing so, they reaffirm in the present what has been central to the co-operative movement since its inception: a commitment to a truly international perspective. That, of course, was one of the implicit goals of those who formed the ICA a century ago: they envisioned creating an organisation that would genuinely span the world; some issues do not change, some challenges have been with us for a long time.

It was a task much more difficult than the delegates of a hundred years ago knew. Overcoming the differences created by national perspectives and histories, coping with the ideological cleavages that swept the world in the Twentieth Century, recognising the biases each of us possesses, understanding empathetically the nature of co-operative experiences in non-European societies has not been easily accomplished. In the important book she prepared for Congress, Rita Rhodes has explained the deep tensions that made progress in creating a strong international movement for most of the Twentieth Century difficult to achieve. It is a story worth pondering as we seek to understand how we can forge even stronger links among co-operative organisations spread around the world.

This revision of the Principles, along with the other elements of the identity page and the background paper, strive to explain the uniqueness of the movement as it has evolved; that was an issue that perplexed the first delegates to the ICA when they met a century ago, it created considerable divisions in the early years of the Twentieth Century, and it challenged those who were responsible for the preparation of Statements of Principles in 1937 and 1966. In some ways this document has been more than a century in the making.

It is also true that, even with those changes, the documents are not as crisp and precise as some would prefer. I understand their concerns, and I hope that following this Congress, some of the wonderful communications experts in our movement will be able to distil what you will have accepted so that it is immediately understandable to people who do not well understand the movement and what it stands for.

In your Congress book, you will also find a document entitled 'Into the Twenty-first Century: Co-operatives Yesterday, Today and Tomorrow'. It is offered as a declaration of what co-operatives should at least partly try to do in the future. There is some brief mention in this document of the past and present simply to show that there are important patterns of continuity and to show the general benefits of people working together through co-operative enterprise. It also emphasises the diversity of the international

movement and tries to show briefly that, while structures are the same, movements in different regions and nations vary tremendously. Indeed, those differences are profound and they should be welcomed not regretted; they are the potential source of immense power and influence. Moreover, the true value of the international movement is only partly explained when we accumulate statistics and refer to impressive market shares. The full value is only apparent when we understand the importance of co-operatives for their members and within their communities.

The paper makes the point that co-operatives are far more successful than many, including most of their supporters, realise. Many have long histories of accomplishments; most are economically viable. Most have cadres of devoted employees. Most have numbers of devoted volunteers concerned about their welfare.

Moreover, like other economic organisations, many of them have gone through trying times recently but have emerged better organised and more efficient than ever before. They are well situated to confront the challenges that await them.

But, if the international movement is to meet its potential, the paper argues, it will only be done if co-operators, each and every one of us, continually strive to make our co-operatives more effective. We can do so, I particularly suggest, if we do the following: celebrate the advantages of membership; recognise the unique strengths provided by the Co-operative Principles; empower members, employees, managers and elected leaders; assist co-operatives to combine their resources prudently; help them improve their financial strength; and think strategically about the role of the movement.

At the same time, co-operative organisations will encourage more people to meet their needs and achieve their aspirations through co-operatives if they do the following: provide better nutrition, housing and health; expand co-operative financial services; provide satisfying employment; welcome enlarged roles for women and young people; protect rural communities; and enhance urban life. The movement already has a strong track record in all these areas; there is no reason why it could not become even more effective in each of them.

The reasons why co-operators must build stronger co-operatives and why co-operative organisations must do better than they already do are clearly evident. The rapid growth in the global population, the increasingly uncontrolled movement of capital around the world, the increasing concentration of economic power in a decreasing number of hands, the continuing marginalisation of many women, the increasing numbers of people with decreasing wealth, the bleak outlook facing many of our youth and aboriginal peoples, the misuse of science and technology, the inappropriate exploitation of our environment all of these suggest that in a phrase that was popular in North America a half century ago: 'the possibilities of co-operation are truly great.'

Today and tomorrow we will complete our rather lengthy pause to consider who we are. We will begin our consideration of where we want to go and how we are going to get there. We do so to enrich our present, to honour our past, and to understand our future. They are not easy tasks because they can disturb our assumptions, cause us to question what we do, and force us to change how we do it. The co-operative values and principles are difficult masters but they can be wonderful allies; they are the means of their own success.

Into the Twenty-First Century: Co-operatives Yesterday, Today, and Tomorrow¹

PEOPLE IN NEARLY every country around the globe have benefited from co-operatives. They have done so under all kinds of governments, within every kind of economy, and amid all the divisions – gender, race, religions, politics, and culture – that typify the human conditions.

Indeed, there are few limits to what people can accomplish when they work together for their mutual benefit. The past accomplishments of the international co-operative movement demonstrate that simple truth. The present strength of co-operatives around the world further affirms it; the future needs of the human family demand its reconfirmation.

People Working Together – The Nineteenth Century

People formed the first, continuous, organized, co-operative traditions in Europe during the tumultuous 1840's when industrial and urban change was radically transforming how many people lived. In the industrial cities people were confronting social dislocation in slums that created living conditions unlike any experienced by earlier generations. Workers were alienated from their work, family life was disrupted, and the basic requirements of life – food, housing, savings, employment – were continuously at risk. At first, only a few people could see how co-operatives could improve such deplorable conditions; before the century ended, hundreds of thousands had grasped the possibilities.

In 1844, a group of workers in Rochdale organized a consumer co-operative to provide “pure food” at “honest rates.” Their ef-

¹ Background paper prepared for the ICA Manchester Congress in 1995 and subsequently published in Ian MacPherson, *Co-operative Principles for the Twenty-First Century* (Geneva: International Co-operative Alliance, 1998), pp. 31-71). Reprinted with permission.

forts proved to be remarkably successful and led quickly to the creation of hundreds of co-operatives in Great Britain; they in turn joined together to form extensive co-operative wholesaling systems in both England and Scotland. In fact, the wholesales became among the largest and most innovative businesses in the United Kingdom as the century came to an end. They also sparked the formation of similar movements and organisations among consumers in most other industrialized countries in Europe and where Europeans settled overseas.

Also in the 1840s, French labourers organised some of the first successful worker production co-operatives. They sought to substitute worker initiative and accountability for the hierarchical management systems typical of the Industrial Revolution. Their approach spread quickly throughout industrialized countries, carried by the trades union and political movements of the working classes. By 1900, it had become well known in many of the countries of Europe and the Americas; it was at once a successful participant in the Industrial Revolution and a severe critic of its most dehumanizing tendencies.

In the 1840s, but particularly the following decade, a diverse group of people started co-operative banking, especially in the German states. The earliest successful promoter of this form of co-operation was Hermann Schultze-Delitzsch, who worked among artisans and small merchants. He was soon joined by Friedrich Raiffeisen who encouraged co-operative banking among rural people. From Germany, the banking movement spread to Italy and France; by 1900, it had been taken to Africa, Asia, and the Americas.

Moreover, as the century progressed, consumer and some agricultural co-operatives developed wholly owned banking institutions to meet their own needs as well as those of their members. Many of them grew quickly, accumulating the savings of tens of thousands of people and financing large economic activities – from factories to plantations to marketing companies. By the end of the century, the co-operative banking movement in its different forms was well established and flourishing.

Meanwhile, much of rural Europe was being drained of its population. Young people moved to cities searching for work; millions left to settle in new lands around the world. For those who remained on the farms, there was much to learn if they were to survive. They had to study new methods of agricultural production; they had to understand how to manage money; they had to purchase reliable supplies at the lowest price; and they had to find out how to market their produce effectively. As the century wore on, an increasing number of rural people found they could achieve all these objectives most effectively through co-operative organizations.

Thus, in the 1880s, farming people, especially in Denmark, Germany and Great Britain, started to form agricultural production co-operatives. Once begun, agricultural co-operatives spread to many countries and to all kinds of commodities. It was an approach that simultaneously worked to improve the quality of production, to stabilize the supply of farm commodities, and to help ensure a better way of life for farm families. Indeed, it was an approach that could be – and was – embraced by other primary producers, including fishing people and woodcutters.

As the century came to an end, yet a fifth tradition of co-operative action became evident in Europe and some other parts of the world as well. It consisted of people joining together to provide themselves with different kinds of services, such as insurance, housing, and childcare. There seemed to be few limits to the possibilities of co-operative action.

These traditions grew out of rich intellectual sources in the eighteenth and nineteenth centuries. Co-operative thinkers addressed all the great issues of the day and, indeed, many of the issues that still preoccupy human beings: What are the limits of democracy? How can men and women organise their societies so that they treat each other more equitably? How can the economy be changed so that it will be both more efficient and more ethical? What are the fair claims of workers? How much should capital be paid? How can the economy be organised to produce sufficient consumer goods at fair prices and good quality to meet the needs of everyone? How can better communities be built?

The co-operative answers to these questions varied in emphasis in Europe and co-operators in other parts of the world soon would bring their own subtly different answers to these questions. The important thing, though, is that in the late nineteenth century there was a large and significant group of co-operative theorists who tried to answer such questions. They included: J.T.W. Mitchell, Charles Gide, George Holyoake, Henry Wolff, Beatrice and Sydney Webb. These theorists, many of whom worked for co-operatives, created a rich body of co-operative thought that provided a unique perspective on the modern world. Moreover, it was a body of thought capable of speaking usefully to succeeding generations, including the one entering the twenty-first century.

Because of these intellectual associations and because of the deep involvement with economic and social changes, the movement at the end of the nineteenth century possessed a remarkable vitality. In this regard, the work of the Co-operative Women's Guild, organised in the United Kingdom in 1883, was particularly notable. It promoted the causes of female emancipation, along with self-help for the poor, with great dedication and much enthusiasm. In many ways, it was the conscience of the national movement, the strongest early manifestation of the need for co-operators to "care for others". It was a tradition that was carried into the international movement by the International Co-operative Women's Guild, organised in 1921.

Thus, as the twentieth century dawned, the co-operative movement was thriving in many countries. It possessed a compelling, distinctive co-operative philosophy that sustained five major co-operative traditions. Those traditions, in turn, provided varied perspectives on how to best organise the movement from the viewpoints of the consumer, the industrial worker, the saver/borrower, the primary producer, and the service provider.

Because of that diversity, the movement was more complex than other ideologies: for example, those that would base social relationships primarily on the needs of capital or the value of labour. It was not, therefore, a movement that could easily be united; it was a movement whose subtle message could not always easily be understood.

Indeed, one of the challenges that obviously flowed from the emergence of these different traditions was how they could most effectively be mingled together. It was a long-term challenge taken up by the International Co-operative Alliance when it was formed in 1895; in some ways, it still remains as another century begins.

Much more importantly, though, those five traditions offered multiple ways in which large numbers of people could use co-operative organisations for their benefit. They meant that when one kind of co-operative encountered difficulties, others could well be thriving. Indeed, diversity of use and perspective became one of the inherent advantages of the co-operative movement. It, along with examples of outstanding successes and a rich intellectual tradition, are debts co-operators a century later still owe to their nineteenth century forebears.

People Working Together — The Twentieth Century

Despite some setbacks and many continuing challenges, the co-operative movement has flourished around the world during the twentieth century. In fact, the growth is so remarkable that relatively few co-operators are aware of its extent, complexity, and vitality. Almost every country in the world possesses co-operative organisations. Moreover, human beings have been incredibly creative in the range of co-operatives they have formed; in the process, they have met co-operatively virtually every human need from the cradle to the grave.

Much of the growth in the early part of the century was possible because the movement was so adept in promoting its own development. On an international level, the International Co-operative Alliance provided a forum for the exchange of ideas, the promotion of existing and new co-operatives, and the beginnings of international co-operative trade. On a national level, many movements supported extensive educational activities by publishing newspapers, pamphlets, journals, and books. They pioneered in adult education and life-long learning; a few even built co-operative colleges to train the movement's employees and elected

leadership. Some national movements sponsored the production of films, while others advertised themselves – and the movement – over radio as that medium became more pervasive. In the process, they attracted the support of many kindred organisations including farm groups, churches, women's organisations, and trade unions; a few became closely tied to political parties.

The result was that co-operatives in nearly all the democratic, industrialized countries of Europe made remarkable progress. There were problems, of course, as the century progressed, such as takeovers of national movements by communist governments, adversities during the Great Depression, the closure of co-operatives by fascist regimes, and vigorous competition from multinational firms, particularly after 1945. But these were more than offset by the remarkable growth achieved by all kinds of co-operatives. Their accomplishments were marked by the large co-operative buildings they constructed, the impressive market shares they achieved, and the influence they wielded within the International Co-operative Alliance.

Co-operative movements outside of Europe, however, ultimately made even more dramatic progress. A few of them were largely started by immigrants from Europe, women and men who brought with them a deep understanding of the possibilities of co-operative action. In particular, settlers on the frontiers of North and South America, as well as Australasia and parts of Africa, embraced co-operatives as effective ways to help each other and to maximize their influence on international markets. Indeed, many of the largest co-operatives of the late twentieth century had their roots in this settlement experience.

More commonly, though, organised co-operative movements outside Europe were started through the direct action of imperial and colonial governments. Such imperial powers as the United Kingdom, France, and Germany generally encouraged the formation of co-operatives for many reasons. In some instances, they wanted to develop colonial economies, especially for the export of staple commodities, like sugar, tea, cacao, and grains: creating marketing co-operatives was often a very useful way to do so. In other instances, they wanted to undermine the power of money-

lenders, especially among farm people attempting to grow products for sale at home or overseas. In yet other situations, they were responding to public servants and missionaries who promoted co-operatives as ideal ways to encourage democratic practices.

For whatever reasons, most of the European imperial powers encouraged the development of co-operatives. In all too many instances, though, they fostered movements that tended to be organised “from the top down” in order to meet government or business needs. The result was a legacy of paternalistic government involvement in co-operatives through many parts of the world; it is a legacy that is still of concern in some parts of the globe.

Nevertheless, co-operatives outside of Europe must not be seen as mere extensions of the European movements. Co-operatives ultimately survive because they effectively meet economic needs and because people support them for their own reasons. Moreover, co-operatives possess the wonderful capacity to be absorbed into dramatically diverse cultures, to reflect ultimately different motivations, and to flourish under widely varying circumstances. Thus, though some co-operatives in economically developing countries were started by imperial governments, they thrived only if the indigenous or colonial peoples absorbed them into their own traditions.

Moreover, co-operatives could often be seen as being modern, legal forms of the spontaneous co-operative activities to be found among apparently all peoples. In fact, virtually all peoples around the world, through their family, clan and cultural associations, have instinctively practised mutual aid.

It is not surprising, therefore, that many of the governments of southern countries, as they broke away from the European empires, encouraged the further development of co-operatives for their own reasons and in their own ways. Some of the most prominent of the independence leaders, such as Nehru and Kenyatta, were staunch supporters of co-operatives. Many of the former colonies that emerged as proud, independent states after 1945, therefore, such as India, Sri Lanka, and Kenya, were able to foster strong co-operative movements. The Indian movement, in

particular, became one of the largest, most dynamic and most sophisticated in the world.

In the course of the twentieth century, too, many other countries embraced co-operative forms of organisation as they industrialized and entered more fully into international markets. Nowhere was this trend more obvious than in Asia. Co-operatives were particularly significant participants in the economic recovery of Japan after 1945, where they were central to the reorganisation of agriculture and fishing industries as well as the retail trades. In other parts of Asia, too, such as Korea and Indonesia, financial, agricultural and worker co-operatives made substantial progress.

Understandably, as Asian co-operative organisations emerged, they were significantly different from their European counterparts. Invariable, they drew upon their own rich political, economic and social experiences, religious beliefs and social thought. Asian co-operative thinkers as profound as the European intellectual founders of the previous century appeared; Asian co-operators, with their own flexible approaches to organisational structures and commitment to communities, shaped their own kinds of co-operatives.

Many of the Asian co-operatives were also successful: in fact, their expansion during the last half of the twentieth century rivalled the expansion in Europe in the late nineteenth and early twentieth centuries. As the twenty-first century opens, some of the most successful and dynamic co-operatives fortunately are found in Asia, the part of the world that promises to be the most dynamic area in the co-operation world during the century that is beginning.

Similarly, in Latin America the co-operative movement, from modest beginnings in the nineteenth century, has expanded steadily. It, too, draws upon indigenous traditions of spontaneous co-operation; it too, has been shaped by the desire to market agricultural and fishing products in as effective a way as possible; it too, carries a social concern about how to improve the lot of the common people.

Indeed, by the end of the twentieth century co-operatives could be found in most parts of Latin America: the hills of Peru,

the urban sprawl of Sao Paulo, the coastal villages of Colombia, the rural areas of Mexico, and the plains of Argentina. Strong agricultural co-operatives have been developed in most Latin American nations; powerful financial co-operatives have been organised in countries like Brazil and Argentina. Consumer co-operatives have been developed in several Latin American countries, and some of the largest health co-operatives in the world have been created.

During the twentieth century, therefore, the co-operative movement has enjoyed significant success. The five traditions that began in the previous century have expanded around the globe. Human beings in remarkably diverse circumstances have found countless reasons to organise co-operatives. They have learned how to manage them effectively amid all kinds of political and economic systems. In numerous instances, they have demonstrated remarkable entrepreneurial skills, adapting to changed circumstances, seizing new opportunities, and diversifying business activities. The experience of the century has shown that there are few geographic, social, and economic barriers that can prevent the spread of organised co-operatives once people have understood their potential.

Co-operatives Everywhere – The Grassroots

Co-operatives, however, are not best understood in terms of statistics and trends. They take on their deepest meaning only when they are seen in the context of people's lives. And one can find that meaning virtually everywhere around the globe.

In Japan, babies are born in co-operative hospitals. In Colombia, young children learn about computers in special schools run by an agricultural co-operative. In Sweden, families live in housing co-operatives. In Dortmund, Germany, people can buy their supplies in co-operative stores, one of the most impressive chain store systems in Europe. In New Delhi, consumers buy milk from machines that are supplied by rural women organised into a powerful dairy co-operative. In Great Britain, consumers can purchase their insurance through CIS, one of the country's largest insurance companies; it is owned by the Co-operative Wholesale Society.

The people of Cape Dorset, an Inuit community in the Canadian Arctic, depend largely for their income on the handicrafts they sell through their co-operative. The workers of Mondragon in Spain organise much of their lives through an interrelated series of co-operatives embracing a wide range of economic activities. In Belize, fishing people sell their products from the sea through a powerful, successful co-operative. Rural families on the Great Plains of the United States purchase their electricity from electric co-operatives. When representatives from Thrift and Savings Co-operatives gather annually in Sri Lanka, they need a field to hold 100,000 people. In Portage la Prairie, Manitoba, Canada, members receive their last rites through their own funeral co-operative.

The list is endless: co-operators around the world have found hundreds of reasons for organising co-operatives; they will find a multitude of other reasons for doing so in the coming century.

Going Forward – Some Threats

Nevertheless, as the twenty-first century dawns, the international movement confronts some of the most difficult challenges in its history. Two of the most difficult emanate from the changes that are transforming capitalist firms and altering the roles of governments at all levels.

The last quarter century of the twentieth century has witnessed an extensive restructuring of the world economy, one feature of which has been the way in which capitalist firms have been able to move around the world. Many capitalist firms have shown that ability in the past, but never before had so many been able to move resources so far, so fast, and so freely. In fact, encouraged by governments, many capitalist firms began to roam the world, searching out the best financial opportunities and, often enough, virtually dictating the terms under which they will agree to operate.

At the same time, in the old and new industrialized areas of the world, communication changes and managerial theory revolutionize the work place. The Industrial Revolution, which went through

various stages from the eighteenth century to recent times, emphasized large-scale production, massive (often well-paid) work forces, and hierarchical management teams, including large numbers of middle managers and associated professional groups. The emerging new economies, largely because of remarkably improved communication systems and the easy movement of goods around the world, emphasize flexible systems of production, specialized work forces dependent upon inexpensive supplies of resources, and streamlined, less bureaucratic management structures. The social costs of this transformation are not yet fully clear. What is clear, though, is that the economic change has triggered a widespread belief in many countries that the future belongs exclusively to a capitalist economy. It is a perspective that provides both a threat and an opportunity for those who believe in the value of co-operative enterprise.

This global restructuring coincides with complex and diverse changes in the role that governments play around the world. The most dramatic change, of course, unfolded in Central and Eastern Europe from the middle of the 1980s onwards. The abrupt termination of centrally planned economies in several countries meant the virtual end of co-operatives that had existed (often in name only) under authoritarian regimes. Recreating the co-operative experiment in those countries – an experiment that in many instances has over a century of history – is an immense task, but it has begun. If the recreation is to be done properly, though, it must be done with a clear understanding of why co-operatives are important and how they are distinct: that is a challenge that the international co-operative movement has to meet. It is one that it has already started to meet.

Government roles are changing in other parts of the world as well. In many southern countries, particularly in Africa and South America, dramatic economic fluctuations have forced the restructuring of many national economies, often with disastrous social consequences, at least in the short term. Governments have been forced to reduce their role in their national economies, meaning that they no longer provide the assistance to co-operatives that they once did. Many co-operatives have adjusted to that change,

but others have not and thus some wonder about the movement's future. As in the case of Eastern and Central European countries, the essential challenge is to build the emerging co-operatives on a clear vision of the co-operative identity and the basic purposes of the co-operative movement.

Similarly, in many of the older, more industrialized countries the movement cannot rely upon the kind of political support it once enjoyed. Governments are increasingly less able and less willing to influence the economic, social and legal frameworks within which their citizens live; indeed, in many countries, people apparently do not want them to do so. The result is that many co-operatives that relied upon extensive government support for their activities can no longer do so; they must be more independent than ever before. No less than their counterparts in other parts of the world, the movements in the older industrialized countries have been challenged to reconsider their reason for being, to rethink how they should relate to governments.

New Unity, Renewed Commitment

As the twentieth century has come to an end, the changing market place and changing government roles have created some bewildering challenges for co-operatives; they have also produced some immediate, positive results. Everywhere, co-operatives have been forced to re-examine what they are doing and why they are doing it. They have sought for new ways to attract capital. They have re-organised so they could serve their members more efficiently. They have developed new approaches to marketing. Many of them have entered into joint ventures, often with other co-operatives. They have searched for new economic activities, in some instances even outside their national borders.

Put simply, though, the greatest challenge confronting co-operatives did not come from the outside world. As in the past (and as it will be in the future), the most serious threat was not the competition. It was not even the altered political order. It was in the hearts of discouraged co-operators. It was a matter of resolve,

an uncertainty as to what the movement could offer the contemporary world.

Such uncertainties demanded a reconsideration of the contemporary role of co-operatives and an understanding of what the movement should attempt to do. By the time of the Manchester Congress, that process of renewal and recommitment was well under way. In reaction to all the accumulating pressures of the 1980s and 1990s, many local co-operatives had re-examined their basic reasons for existence. Several national movements had reorganised their apex organisations to make them more responsive to the kinds of pressures co-operatives were experiencing. On an international level, the International Co-operative Alliance had undertaken a complete review of the values and principles that characterize co-operative movements around the world, a process that culminated in Manchester. Out of all these activities emerged a new understanding of the unique qualities of co-operative enterprise.

In short, despite the adversity of the 1980s and early 1990s, co-operatives at the end of the century are well situated to face future challenges. They have a rich tradition of co-operative versatility stretching back over more than 150 years. They have an amazingly broad range of experiences in the twentieth century upon which to draw, experiences that are evident everywhere around the world. Moreover, because of recent adversities, they are better managed than they have ever been; because of recent soul-searching, they have a clearer vision of what makes the co-operative approach different. They are ready for the twenty-first century.

People Working Together – The Future

Co-operatives are practical organisations; most co-operators are primarily concerned about meeting immediate needs. The co-operative movement, therefore, does not look forward easily into the future. Rather, it instinctively prefers to evolve pragmatically, responding to opportunities and adapting to changes as they occur.

And yet there is value in looking ahead, even if the future seems to be particularly difficult to predict. It is important to try

to prepare for the kinds of challenges that seem likely to appear. It is useful to try to anticipate the opportunities awaiting existing co-operatives or inviting the formation of new co-operatives. It is valuable to comprehend how people might band together to help themselves in ways perhaps never before contemplated. It is necessary to examine the strengths and weaknesses of co-operatives in light of what the future appears to hold. Perhaps, above all, it is essential to dream of what might be if the movement is to attract the interest and the commitment of those who are young.

And yet, even amid the rapid change some general possibilities are clearly evident. The restructuring of the global economy, for example, creates immense possibilities for an assertive, confident co-operative movement. Some co-operatives, perhaps most obviously in the food production and distribution systems and in the financial services industries, are sufficiently large and sophisticated enough to play significant roles in that transformation. In fact, their involvement could be particularly valuable for people around the world: in addition to serving their members well, they could provide efficient and ethical models that could monitor those two vitally important sets of economic activities in the public interest.

The economic restructuring also creates possibilities simply because of the social change it is creating around the world. Thus, while it creates new pockets of prosperity, the economic restructuring also undermines the prosperity of other people and, in far too many places, makes the already poor desperate. All too often, it increases the discrepancy between the rich and the poor – whether one considers the human condition in terms of individuals, classes, or nations. As with all great social and economic changes, the current restructuring of the global economy exacts a heavy price; co-operatives can help demonstrate that cost and show how a better way to embrace the future can be found.

In such circumstances, co-operatives offer their historic capacity to reduce social and economic divisions in an equitable manner, at least for those who have some capacity to control their lives. As they have always done in the past, co-operatives offer opportunities for people to help themselves; that promise has never been more meaningful or necessary to more people around the world.

In a time, too, when governments are withdrawing from protecting and enhancing their citizens, co-operatives offer a way in which people can retain control over their own lives and their own communities. In a time when the problems over the production and distribution of necessities – food, financial services, industrial goods – are growing, co-operatives can help meet such needs in a fair and reliable manner. In an era when people want more control over their workplace, co-operatives can offer them that opportunity. In short, there has never been a time when co-operative self-reliance has more potential, more meaning.

If the movement is to respond effectively to the challenges and seize the opportunities, however, it must project a clear sense of its distinctiveness; it must demonstrate its capacities to mobilize people and communities, and it must prove its abilities to be an efficient supplier of goods and services. To do so, though, it must realize the promise of its historical mission and capitalize on the strength of its contemporary accomplishments.

In the final analysis, the movement's future will be defined by how co-operators understand their mission and how co-operatives seek out their opportunities.

Generally, co-operatives have always had to confront two main kinds of challenges. How do they become increasingly more effective? How do they respond to social and economic changes? These are not new questions. Rather, they are the ones members, elected leaders, managers and employees have always asked when they have seriously pondered their movement's possibilities. They are the questions that must be addressed as a new century opens.

The First Challenge: Increasing Co-operative Effectiveness

Virtually all co-operatives must function within the market place. Consequently, they must measure their effectiveness in part by how well they do in that context. Like firms owned on the basis of investment, they must manage their resources – financial, productive, and human – in such a way that they create surpluses or profits. Like private entrepreneurs, too, they must understand

thoroughly the kinds of business they operate. They must function within the legislative and competitive environments that prevail, even as they might try to change them.

Co-operatives, therefore, can learn from investor-controlled enterprise; indeed, they have often done so in the past. They can study and selectively adapt some of the technological changes, organisational structures, resource utilisation, and capital accumulation techniques used by private enterprise firms. They will also be able selectively to utilize marketing approaches and communication strategies used by their main competitors. They may find it useful to investigate how private firms relate to governments and gain special privileges. They may want to imitate how private firms influence educational systems and create educational environments sympathetic to their development. It would be tragic, however, if co-operators assumed that imitating the private sector was all that was necessary; if that were true there would be no reason for co-operatives to exist.

The ultimate necessity is to adapt what is useful and acceptable from capitalist firms to the distinctively co-operative way in order to build effective organisations. It is a daunting but challenging task that should attract the best young minds among our younger generations; it is a task that previous generations carried out with zeal and ingenuity.

There are also lessons to be learned in studying the ways in which public servants carry out their tasks. In the recent dismantling of many state enterprises, it has become fashionable in many countries to undervalue, even scorn the work of public servants. The cost, measured in the decline of social safety nets and basic communal infrastructures – from roads to schools – has yet to be measured. The point, though, is that the public service has contributed significantly to the development of many countries; co-operators could do worse than understand the tradition of public service, social concern, and long-term planning that made the best of those contributions possible in many countries around the world.

Ultimately, however, efficiency with co-operatives is derived from the careful application of the values and principles that make

co-operatives unique. In the final analysis, co-operatives carry within themselves – in their basic structures and ideology – the keys to their own success. The application varies with time and type of enterprise, but the formula for success is always the same.

Stressing the Membership Advantage

The central focus of the co-operative movement must always be the best interest of members in both the short and long term. Co-operatives exist primarily to serve them, and any measure of their effectiveness must be based on how well those needs are served. Moreover, it is by deepening that relationship that co-operatives will find the best way to grow in the future, the way that most clearly is in keeping with their distinctive quality and their historic advantage.

In many parts of the world, encouraging greater member involvement will not be easy. In countries where co-operatives were started from “the top down” the task will be particularly difficult. In other countries, all too often, co-operative leaders – and members – have allowed the practices of membership to decline. Often, this was just a consequence of rapid growth. When memberships are large, when attracting new members is easy, it is natural to turn members into passive suppliers of goods and services. In contrast, it requires effort, resources, and commitment to foster a growing relationship with members. And yet, in the final analysis, it is in the expansion of that relationship that co-operatives ensure their most stable growth and their long-term permanence.

Effective member involvement, of course, does not mean the same thing in all co-operatives. Members who rely on a co-operative for most of their income, for example in a worker co-operative, will normally be more involved than will members of a co-operative which provides only an occasional service, such as insurance. Nevertheless, all co-operatives have the capacity to expand member relationships; most of the successful co-operatives of the future will be the ones that do it best.

One way to understand the possibilities of membership is to understand that the members of most co-operatives relate to their organisation in three ways. First, they are owners: they should attend meetings, vote in elections, make decisions on matters referred to them by the board, and assist in the promotion of their organisation. Second, they are users who patronize their co-operative, constructively suggest how it might be improved, and appreciate the benefits that patronage brings. Third, they are investors, minimally if that is all that is required, more significantly if there is a need. All three of these kinds of relationships should be fostered; each has its own responsibilities, each its own rewards.

Membership also implies a subtle relationship traditionally called education. But co-operative education is not just about the distribution of information by co-operatives to their members, though it certainly includes that. It is essentially about the exchange of understandings; the co-operative showing members why the co-operative approach is a “better way”, the member constructively communicating about her or his needs while posing the challenge about how they might best be met. In large co-operatives, this kind of communication becomes more difficult but the resources and the methods of communications are often more readily at hand, if there is a will to use them. Indeed, some of the largest co-operatives in the world have developed some of the best ways to reach their memberships.

In reality, the most obvious advantage co-operatives have in increasing their effectiveness lies in deepening their relationships with their members. It is an advantage that requires constant attention and careful cultivation; if it is strong and management is prudently ambitious, co-operatives can rarely fail, and co-operators will not have to doubt the capacity of their movement to contribute bountifully to people in the next century.

Celebrating Co-operative Distinctiveness

People who are proud of who they are and what they do usually are more effective as human beings and more capable of accepting

greater responsibilities; they also attract the support and assistance of others more readily. It is a simple homily, but it is important for co-operatives, especially in an age when an alternative economic system seems to be the much-preferred method of organised economic activity.

Co-operatives and co-operators generally need to be prouder of who they are and what they do. Co-operative organisations in their communications to members and their relations with the public should demonstrate consistently their belief in co-operative structures and values. Concern about members, democratic values, equitable financial structures, after all, are very positive messages; they deserve to be emphasized, not just timidly – if not apologetically – acknowledged once a year.

Co-operatives, particularly local co-operatives, have an obligation – and a subtle, long-term advantage – in demonstrating that they are parts of larger systems. Members benefit and their communities develop through the efforts of their local co-operatives, but the greater benefits occur only when many co-operatives join together to better serve members, to maximize their power, and to build upon their common resources. That is a part of the co-operative distinctiveness that needs to be understood more widely and appreciated more fully.

Co-operatives will not play a significant role in the future generally if they do not celebrate their distinctiveness. If they do not consciously and proudly proclaim who they are and why they act as they do, who will do it for them? How will people in the coming century have any understanding of what they could accomplish if they worked together?

Empowering People

Co-operatives become more effective when they give people more control over their lives. Traditionally and most importantly, co-operatives give members the opportunity to consume more wisely and inexpensively: when they give producers the opportunity to control more completely the production and distribution

of their wares; when they give all kinds of people the chance to save, invest, and borrow money in honest, secure, and competitive financial institutions; when they allow people to control their own housing; and when they encourage people to create their own health care. There is an important kind of dignity in enlarging such kinds of empowerment. It is the most noble activity in which co-operatives are engaged.

Empowerment is also about knowledge; indeed, in the “information age” that is the most important kind of power. Consequently, when co-operatives provide their memberships with accurate, honest information, they are empowering them, be that information about consumer goods, appropriate pesticides, the level of fish stocks, or the fine print in a loan application.

But empowerment within a co-operative is not just concerned about the specific economic relationships it has with its members. It should be expanded to include all the human resources associated with the organisation. Indeed, it is regrettably all too true that the greatest underutilized assets within many co-operatives are their human resources. Too many co-operatives generally ask too little of their members, expect too little of their employees, undervalue the contributions of their managers, and inadequately prepare their elected leaders.

There are untapped resources in many memberships, especially among women and young people. Much of the future success of the co-operative movement will depend upon a willingness to recognize true equality between women and men in the deliberations of co-operative organisations; much of the vitality will come from the involvement of young people. Many employees should be given more responsibilities and made aware of the fact that, in most co-operative structures, they are the most prominent faces, the most important representatives. Managers need to be recognized for their successes in carrying out the demanding work required to make any co-operative successful; in many ways, the managing of a co-operative is the supreme test of management skills, and it should be recognized as such. Directors need to be given the depth and breadth of understanding so that their stewardship of co-operatives is meaningful, rewarding, and expand-

ing. Considering such matters systematically and regularly in any co-operative would inevitably bear dividends – in all senses of the word.

“People are our most important resource” is a trite saying, but it speaks to a particular truth within co-operatives. It is unfortunate that there is no way to recognize on a balance sheet how much the people associated with a given co-operative have grown within a year; in the final analysis, it would be among the most important tests of co-operative effectiveness, one of the best indicators of what the future likely holds.

Combining Resources Prudently

It is easy to understand the value of a well-run local co-operative. The benefits are evident in each visit; the annual statement shows the financial contribution specifically; the friends and neighbours involved in it attest to its stability. It is equally possible to appreciate the larger co-operatives that provide a member with most of his or her income, as for example in a farmers’ marketing co-operative. It is less easy to relate to second or third tier co-operatives that provide insurance, finance, or wholesaling services. They are more remote, somehow less personal; some people could even imagine prospering without them.

The future for co-operatives, however, lies with both types of organisations. Co-operators must always work to ensure the strength of their local organisations. They must also find more ways to combine their local power into integrated systems that can wield influence on national, regional and even international levels. Doing so will require vision and a capacity to make difficult decisions. In rare instances, it may even require foregoing local possibilities in favour of the common good. “Acting locally, working globally” became a cliché in the later decades of the twentieth century. Within co-operatives, it must become a reality if full effectiveness is to be achieved.

The need for the prudent combination of resources is fairly evident. For example, technological change is inevitable, but it is

costly. If co-operatives are to ensure their independence amid the integrating bonds of the new machines, they will need to examine how they can jointly invest so all can benefit. Another obvious example is the opportunity for different kinds of co-operatives to invest in joint ventures, such as agricultural and consumer co-operatives uniting to build a food-processing plant.

Inevitably and properly, most of the possibilities for pooling resources occur first at the local or national level. To be done properly, such activities need to be carried out with vigilant business discipline; they should not be done as “a good thing” or as an act of charity on the part of one party or the other. The important point, though, is that co-operatives need to consider more carefully how they might better pool their resources, to make the best use of their members’ money.

The same is true at the international level. If co-operatives are to grow as a global force, they need to consider more joint ventures within given sectors or across complementary sectors. They need to examine more carefully how they might join forces across national boundaries. So many questions flow from imagining how co-operatives might pool resources in these ways – questions that will need to be considered not too far into the next century. Should producers of the same commodities in different parts of the world not investigate more carefully how they might combine to gain more control of the processing of their products? Do they have to leave that part of the global economy in the hands of a decreasing number of multinational firms? Should co-operative financial institutions not devote more thought to how an international co-operative financial system might be created? Is there not more scope for pragmatic, mutually-beneficial relationships between producer and consumer co-operatives around the world? Why is it that the international movement has, on the one hand, savers who want to lend and, on the other, deserving people who want to borrow? Savers who want to invest, producers who want to grow? Can there not be ways to bring these people together in a mutually-beneficial, business-like fashion?

Becoming more effective in the future will require more co-operatives working together, more co-operative leaders under-

standing what forms of local control are essential, what activities might be better carried on jointly. To do well at home will not be nearly enough.

Creating Financial Strength

Co-operative leaders and members of co-operatives can easily be lulled into thinking that reasonably good results on an annual basis are sufficient security for the long-term viability of their organisation. It is an unfortunate situation when it occurs.

The first responsibility of a co-operative is to ensure its capacity to continue serving its members. Thus co-operatives, at local and other levels, must provide adequate reserves for their future and make sure that members understand that they share some responsibility for the financial health of their organisations. Co-operatives also must provide their share of support for the associated co-operative organisations upon which they depend. Once that stability is assured, co-operatives can then consider extending benefits to their members. And after that, members may consider what contributions their organisations should make to the general development of the co-operative movement, the general benefit of the memberships, or the enhancement of their communities.

Because of the growing needs for capital in many kinds of co-operatives, the allocation of funds from annual surpluses or profits will often be insufficient. Even more than in the past, co-operatives will have to explore innovative ways to raise more funds, and they should look first to members. In general, co-operatives have been remiss in not using the member advantage to raise capital. It is not unreasonable for members to expect that they will have to make regular investments in their co-operatives, and it is reasonable for them to expect a return, perhaps a delayed return, on the investments they make in their co-operative.

Co-operatives will also likely have to explore joint endeavours with private firms and governments in order to raise the funds they require for new initiatives or to increase their influence in a given industry. Those kind of arrangements, like any other ar-

rangement that would bring “outside” capital into the co-operative, must not be at the cost of sacrificing any of the co-operative’s autonomy or the capacity of its members to control their own organisation in a democratic manner.

Co-operators should also devote more time to consider how they might create larger pools of prudently-operated funds for the development of existing and, in particular, new co-operatives. It is not an easy task. It is a distinct kind of lending that requires its own discipline and rules of behaviour; it is not charity and it must be conducted prudently. It is nevertheless a task that is essential if the co-operative movement is to become truly effective in the twenty-first century.

Thinking Strategically

Pooling resources and creating financial strength implies a commitment to long-term strategies. They suggest a kind of discipline that will not be achieved easily. And, in fact, they are not the only elements involved in thinking strategically.

Co-operators working through their co-operatives have always to consider how they can best ensure not only the survival but also the expansion of their organisations. That means collaborating effectively to ensure that the co-operative movement generally, as well as their part of the co-operative movement, is treated fairly by governments. For, even though the roles of government may be declining for the foreseeable future, it would be a mistake to underestimate the importance of government legislation and policies in determining the fate of co-operative organisations. In the contemporary world, it also means resisting the attempts of some regulators to lump co-operatives together with capitalist firms when they create governing legislation.

Thinking strategically also means making sure that the apex organisations that serve co-operatives as their voices are given the attention they deserve and the resources they require. Too many co-operatives support such organisations through financial contributions but do not integrate the wider perspectives such organisa-

tions afford into their own planning, their own core activities. It is a mistake that means that the money spent is not as effectively used as it might be.

But above all, thinking strategically means considering how the membership advantage, the co-operative distinctiveness, the empowerment of people, the combination of resources and the pools of accumulated capital can be most effectively deployed. It is envisioning what can be prudently attempted and collectively accomplished.

Facing the Future

The co-operative movement has two faces. One is the face that looks sternly, even harshly, inward, concerned about how co-operatives can become increasingly more effective: that is the view we have been considering. The second face looks thoughtfully outward, interested in how more people might learn about the benefits of co-operative activities. This face does not believe in charitable hand-outs; rather, it is concerned that as many people as possible help themselves and not be helped into some form of dependency. It is a face that has a particularly large vista to consider as the twenty-first century opens.

Five trends are particularly obvious. The first is the incredible growth of the human family. At the turn of the twentieth century, there were less than 2,000,000,000 people on Earth; as the century closes, there are nearly 6,000,000,000; by 2050 it is estimated there will be 10,000,000,000. The demand for basic requirements, food, housing, work and health facilities needed by this expanding population will test human ingenuity in science and technology; even more, it will challenge us to organise our economic, social and political relationships so that people will have the resources to purchase or collectively produce what they require.

The second is the already-mentioned concentration of economic power in the hands of the very wealthy around the world, a trend that magnifies a growing international problem with pov-

erty in all countries around the world. The capacity of individuals, even groups, communities and nations, to influence the economic changes affecting them, is declining; the gap between the very rich and the poor in most countries is widening. The growing masses of tragically impoverished peoples in many southern countries will demand a fairer share of the world's resources, as will the expanding ranks of the very poor in industrialized societies. Moreover, the middle class in the industrialized societies is shrinking; the security once afforded to them by professional associations and trade unions is no longer as certain as it once was.

The pressures of population, the increasingly uncontrolled movement of capital and production around the globe, the misuse of science and technology, and the drive to produce more goods regardless of consequences, has created the third major trend: a crisis in how people treat their environment. Securing supplies of good water is becoming a disturbing problem; the deterioration in the ozone layer must alarm us all; many of the foods consumed daily around the world are contaminated; fish stocks that once seemed inexhaustible no longer support fishing fleets; and timber stands upon which people have relied for centuries have been disastrously depleted.

Fourthly, communities around the world are confronting increasingly complex difficulties. In southern cities high birth rates and migration from the countryside strain precious resources, create large slums, and lead to the underemployment of younger generations. Food distribution systems are inadequate, while medical, water, education, and sewage systems are strained to their limits. In the more industrialized parts of the world urban infrastructures – schools, roads, police – are declining, while impoverished ghettos are growing. In too many places the “civil society” – the society based on tolerance, order in the streets, and community responsibility – is in question.

Finally, there are complex issues of social justice, many of which co-operatives have historically tried to address; it is as important as ever before that they continue to do so. One of them concerns the unequal position of women around the world. Women are disproportionately evident among the poor; they provide

more than their share of labour, paid and unpaid, in most economies; their capacity to control their own lives is often restricted.

Another concerns young people. In many southern countries there is a surplus of young men and women looking for employment and concerned about how they will manage their lives. In most northern countries, the opportunities for full, satisfying employment, for the first time in generations, are declining in number; many young people are consequently facing impoverished futures and limited opportunities.

Yet another concerns aboriginal or first peoples. Scattered around the world, often living in the precarious places left to them by the vagaries of history, they typically have few resources and limited institutional capacity to improve their lot; too often generations of dependency have robbed them of their self-respect and capacity to control their lives- even to honour properly the strength of their identity.

People Working Together – The Twenty-First Century

By themselves, co-operatives and co-operators cannot resolve all these great issues, but they can significantly help to do so. They can do so partly in the kinds of growth they foster within their organisations and partly in the ways in which they conduct their affairs.

The most obvious ways in which they can contribute is through expanding in the kinds of endeavour they already do well. For example, co-operatives of various kinds already play significant roles in the production, processing, and distribution of food. Agricultural co-operatives are common around the world; they have served, and continue to serve, farming people effectively while they provide large quantities of high quality products for their customers. They are also bastions of rural communities, in particular by providing stability for smaller producers. Many agricultural co-operatives are also in the forefront of technological change, pacesetters in the processing and distribution of food and other consumer goods.

As trade barriers decline around the globe, agricultural co-operatives face increased competition from the already small number of firms that increasingly dominate the world's agro-food industries. Co-operatives will have to increase their capacity to survive amid such competition, either by concentrating upon the particular kinds of production at which they excel or by marshalling financial and productive capacity in unprecedented quantities. In the latter case, in particular, they must reach out to unite with other co-operatives, be they agricultural, consumer or financial. They must also extend their influence across national boundaries if they are to withstand the competition they face; as never before, co-operatives achieve only part of their potential if they are exclusively concerned with responding to member needs through local action. Doing well in a local community is good, but it is not enough.

Because they are normally based on family farm operations, agricultural co-operatives are particularly concerned about perpetuating rural communities and sustaining their economic growth and social stability. They should, therefore, be among the leaders in steadily improving how rural people deal with their environment. This is not an easy issue since it involves reconsidering methods and techniques that have become ingrained in agricultural practice, particularly in the last fifty years, but it is an issue that co-operatives can embrace realistically: their systems of member communications and their commitment to rural communities afford them advantages and insights others do not possess.

Similarly, fishing co-operatives, which can be found in many parts of the world, have a deep commitment to their communities; indeed, some of them are the inheritors of centuries of fishing traditions. They are now involved in an industry that is increasingly important because of the rising global demand for the products of the sea; it is also an industry in which technological advances have encouraged exploitation beyond sustainable capacity in many parts of the world. Fishing co-operatives, in the interests of their members and their communities, can be leading voices for the rational use of what are currently dwindling resources.

The co-operative movement, in its entirety, possesses many of the elements that could allow it to become a determining factor in the international agro-food industries. It has a powerful base in rural and fishing communities. It has some capacity in the food processing industries through the activities of some producer and some wholesale co-operatives. It has the nucleus of a consumer co-operative distribution system in several countries. It has significant financial resources within the co-operative banking sector.

The needs are also becoming clearer. With a rapidly growing global population, the issues associated with the production and distribution of food and other consumer goods are becoming more strategically important. By some time early in the next century, as the global population reaches 10,000,000,000, they will be clearly among the most contentious issues confronting the human family; in some ways, with the often acrimonious debates over international agricultural tariffs, that process has already begun. The challenge for all kinds of co-operatives associated with food production and distribution, in particular, is to lever the power they already possess so that they can assume even greater roles. That will mean more joint endeavours and more linkages across national and regional boundaries. It will also mean raising more capital, but, over the long term, there can be few better options either financially or idealistically in which to make investments.

The potential role of consumer co-operatives, as the provision of food and consumer goods becomes increasingly problematic, is challenging, even intimidating. While there are exceptions, most national consumer co-operative movements have declined in recent years; a few have even disappeared. Many consumer co-operatives have found it difficult to adjust to modern retailing systems. Many have found it challenging to mobilize the necessary resources to compete effectively in industries characterized by the extensive integration of wholesaling and retailing activities, the expansion of large shopping centres, the financing of relentless advertising campaigns, and the growing power afforded by transnational associations.

The future, however, can only be promising. As people in the industrialized world start to spend similar proportions of their income on food as do people in the developing countries, they will seek opportunities to influence food distribution and pricing power through organisations they own and can trust. If consumer co-operatives can build upon that urge through local co-operatives and harness the cumulative potential in national, regional and international organisations and agreements, then they can only prosper. They cannot fail if their members understand what is at stake and if the stores are managed prudently.

As the global population increases, another very difficult problem will be finding adequate housing in caring communities. Co-operative housing can help meet this need. It has a history of accomplishment in many industrialized countries stretching over a century. It has a promising future in Central and Eastern Europe where strong traditions exist, but the housing legislation that emerges will have to provide appropriate frameworks. Similarly, in many economically-developing countries, co-operative housing has considerable potential, meeting the needs of burgeoning populations increasingly clustered around major cities.

Co-operative housing has many advantages, although its financial structures, legislative requirements, and cultural characteristics vary considerably around the world. It permits the maximum development of land with whatever funds are available, whether those funds come from private or public sources. It encourages the formation of communities, at its best escaping the ghettoization typical of many forms of social housing. It allows people to pool resources to reduce maintenance costs while it encourages the sharing of communal responsibilities. In a world where alienation is becoming commonplace, where neighbourhoods are losing cohesiveness, co-operative housing is a positive alternative.

In recent years, some of the most dynamic parts of the international co-operative movement have been the financial co-operatives. They are organised in many different ways, reflecting different origins, priorities, associations, and legislative frameworks; they vary significantly in size and levels of sophistication. Nevertheless, as a group they are different from other banking organi-

sations in their ownership structures and often in their commitments. In many countries they are closely tied to agriculture and rural communities; in others they have become particularly successful in specialized activities, such as the financing of housing or consumer lending.

All of them, however, are confronting the virtual certainty of significant change. Few other kinds of economic activity have been as dramatically altered by technological evolution as has banking. The main reason is obvious: in its essence, banking is an information industry that has been profoundly altered by its adaptations of computing technology. What was once a rather rigid industry has become remarkably flexible; what were once clear divisions among banking, insurance, investment, and fiduciary companies have virtually disappeared; what were once significant barriers, national boundaries, have started to disappear. In the process, the regulation of the industry by governments has been rapidly transformed as national priorities have given way before international banking standards.

All of these changes affect co-operative banking circles, in some ways more than their competitors. Within decentralized co-operative banking systems, for example, deciding upon uniform technological systems can be difficult; and, in some instances where agreements are possible, the costs are prohibitive. In countries where governments have used co-operative banks for regional and local economic programmes, the turn to greater acceptance of the market place for economic growth has created problems of adjustment. In many instances, too, the challenge of raising capital, when capital is often scarce, is intimidating, sometimes nearly impossible.

Yet, there can be no doubt that the future of the co-operative banking sector is bright. Many co-operative banking systems are among the most innovative in the industry. The European banks have made remarkable adjustments as Europe enters into a new and dramatically different era. The older banks of India remain powerful institutions in the national economy despite the changes underway. If organisers can move quickly and the evolving legislation is favourable, the possibilities for co-operative banking in

Central and Eastern Europe are remarkable, as it is in China. The record of caisses populaires/credit unions in North America is outstanding, and their accomplishments in many developing parts of the world are truly inspiring.

The future for co-operative banking will require successful adaptation on several fronts. Like all banks they will have to continue to adjust to the changing international financial marketplace. This will mean becoming even more integrated into national and international technological systems, despite the threats of homogenization that this entails, both from the ways in which such systems operate and the manner in which they are regulated.

They will also have to emphasize the connections they have with local communities and groups of people, a task made easier by their co-operative roots. Most co-operative banks have a remarkable advantage in their ability to develop deep relationships with their members, the members of the co-operatives they serve, or the particular segments of the general population they seek to attract. This capacity to build on what can be very meaningful relationships is perhaps the greatest structural advantage which they can enjoy over their competitors if they choose to consider it seriously.

In recent years, too, some of the financial co-operators have been very successful in stressing ethical practices in investment activities and the ways in which they conduct their business: it is an approach that benefits society at large and that emanates logically from their co-operative heritage. It stands out in an age when many economic organisations do not always adhere to elemental ethical standards.

The financial co-operatives also possess within their various kinds of structures one of the first really successful international efforts at collaboration by co-operative organisations: insurance. By its very nature, evident since at least the sixteenth century and arguably since the days of the Roman Empire, insurance invites co-operative forms of organisation; there is an obvious benefit for people combining resources in order to withstand adversity. Moreover, insurance that is provided through formally structured co-operatives should possess the openness and transparent ac-

countability that assures policyholders of reliable service and fair treatment.

Worker co-operatives are another rapidly growing component of the international movement; there is every reason to believe their growth in the future will be equally impressive. They carry within their structures and philosophies some of the most persuasive answers to one of the great questions raised by industrialization: how to ensure that workers enjoy the dignity to which their labour should entitle them. Worker co-operatives have successfully managed large manufacturing concerns; they have also operated the kinds of smaller, flexible enterprises that arguably will become even more important in the evolving economy. In several cases, such as Mondragon, they have demonstrated how workers can pool their resources to build extensive communities based on rewarding labour and social responsibility.

The worker co-operative perspective also encourages other kinds of co-operatives to consider more carefully how they view and treat their employees. It suggests the need to empower employees in ways that are acceptable within existing co-operatives, to give them more responsibilities, to listen more carefully to what they suggest, to reward them appropriately, and to find ways in which they might invest in their co-operatives. It suggests the need to reconsider the styles of management within many co-operatives, styles that usually borrowed uncritically from capitalist enterprise; it invites other co-operatives to consider how they can best empower their employees, increasingly a determinant of economic success.

Similarly, the simple idea of people joining together to provide themselves with health care will have increasing vitality in the years ahead. In many populous parts of the world, health care is deficient; as the population grows, the tragedy of poor national and regional decisions on how to provide health care will become even more obvious, the inappropriateness of making health care largely dependent upon income increasingly more unacceptable. Co-operative health care, by distributing costs fairly and by placing greater onus on members for their own health, will assuredly be one of the best alternatives available. Co-operative health

care, too, typically is concerned about preventative approaches to medicine and it could be structured so that it can foster exchanges among the different kinds of medical practice to be found around the world. Few kinds of co-operative endeavour have a more promising future or offer a more obvious benefit in the unfolding world than co-operative health care.

In embracing these challenges, co-operatives will benefit if they ensure that doors are open to women as members, elected leaders, staff and managers. Doing so will be good business because of the economic power women represent, even though they own less than their numbers and labour should warrant. More fundamentally and importantly, though, doing so is simple justice in keeping with the basic commitments obvious in co-operative circles from their beginnings.

Similarly, for reasons of both economy and justice, co-operatives have an obligation to reach out consciously and continuously to young people. In a trite, but also in a meaningful way, the movement's future lies with youth. The rich and diverse traditions of the movement, the subtleties and potential of its philosophies, need to be reconsidered and reapplied by each generation. The sooner young people are involved, the sooner they begin to consider for themselves how the co-operative movement should be adjusted for their times, the better it will be for all. The dialogue across generations of co-operators is a fundamental requirement for continuing success.

There is also a particularly significant opportunity to make co-operative alternatives better known among indigenous people, one of the fastest growing segments of the global population. In some instances, doing so will be easy in that it will be simply an extension of the way they have traditionally conducted their affairs. In other instances, where more hierarchical political and economic structures have prevailed, it will be more difficult. Given their population size and the quantity of land they possess or soon will possess, the potential for them – and their neighbours to be engaged in co-operative enterprise – is remarkably promising.

The Promise

The co-operative movement is a movement of perpetual promise, a movement of becoming, not of ending. It never achieves a state of perfection; it never rests satisfied with what it has accomplished. It is a movement that fails unless committed, pragmatic co-operators continuously consider the choices their co-operatives must make in responding to member needs, in achieving broader goals, and in adhering to co-operative principles in their daily activities. Few, if any, choices that are finally made; there are no decisions that are completely perfect.

Co-operators make choices for each co-operative within two broadly-related yet somewhat distinct contexts. The first applies to the internal operations of the co-operative: the concerns are that the co-operative be efficient, that it meet member needs, that it conforms appropriately with co-operative practice. The second refers to how the co-operative relates to the rest of the co-operative world and to its community: the concerns are about the effectiveness of relationships with other co-operatives, the expansion of the movement generally, and the movement's social obligations. Only the members of the co-operatives, directly or indirectly through their elected leadership and management structures, can make decisions about such difficult issues. In either event, the decisions will seldom be easy and they will vary over time.

It is in making those decisions, though, that the co-operative promise is fulfilled. It is in struggling to understand how the range of possible action implicit in co-operative thought, principles, and practice should be applied in the contemporary experience that co-operators make their contribution. It is in accepting the necessity for addressing the need to think about those choices that co-operative organisations achieve their highest purposes. In the final analysis, the co-operative promise is that it is possible and ultimately necessary that economic and social affairs be conducted democratically and responsibly for the present and long-term benefits of the members and their communities. It is neither easy nor simple, but it can be the best alternative.

The International Co-operative Movement Today: the Impact of the 1995 Co-operative Identity Statement of the ICA¹

ON THE OCCASION of its hundredth birthday in 1995, the International Co-operative Alliance (ICA) adopted an Identity Page at its Congress in Manchester, England. It provided a definition of a co-operative, a statement of values on which co-operatives should be based, and a set of principles to serve as “guidelines” for the operation of co-operative organisations.

At first glance, it may seem a little odd that a centenarian would still be struggling with an identity crisis, but there were many reasons why this was so. In 1895, when the ICA was formed, the movement was robust but it was remarkably diverse. It had expanded dramatically in the field of consumer co-operation, forging innovative kinds of organisations, developing international associations, constructing large edifices for its wholesales, starting banks and insurance companies, entering into farming and even into manufacturing; in the United Kingdom it was feeding close to twenty percent of the population, mostly located in the Midlands, the North Country, and southern Scotland. In the industrial regions of the European continent and some parts of North America – significantly only rarely in the United Kingdom – worker co-operatives had emerged and were growing, a defiant response by the working classes to the “evils of industrialism.” In the rural districts of Denmark, the Low Countries and Germany, and in some of the European colonies overseas, agricultural co-operatives were helping reshape the countryside. Perhaps most impressively, amid the “modernization” of that time, co-operative banking (especially its community-based forms) was spreading throughout much of the world: in fact, it was a burst of co-opera-

¹ Paper presented to the Japan Association for Co-operative Studies, Hiroshima, Japan, October, 2004.

tive development that even surpassed the remarkable growth of consumer co-operation that had occurred in the last third of the nineteenth century. It was speedily becoming one of the most widely dispersed, most international, of the various kinds of co-operatives.

Over the following one hundred years, these diverse strands had rarely found significant common ground within the structures of the International Co-operative Alliance, the official voice and most important barometer for the international movement. The banking tradition generally remained aloof because the focus and the main concerns, even the language of the ICA, remaining cloaked in the perspectives of the consumer movement. For the first half of the twentieth century, too, there was a serious split between agricultural producers and consumers, essentially a struggle over whose claims should be honoured first. The worker co-operatives, concerned about the labour theory of value and often associated with more militant left-wing causes than other forms of formal co-operation, frequently found itself at odds with more conservative, or at least different, ideological camps in the international movement. To make matters worse, the various kinds of main co-operatives – consumer, worker, banking and agricultural – tended to be dominated by national perspectives, British, French, German and Danish, nationalities caught in some of the great rivalries of the century, the feeding ground for two world wars. Inevitably, these nationalist perspectives and pride were incorporated into the worldviews of national co-operative movement, with all the biases, smugness, and feelings of superiority that invariably and everywhere seems to imply with ardent nationalisms.

As the century progressed, there was also the great problem of the centrally planned states, notably in the case of the Union of Soviet Socialist Republics formed in 1917 but also evident in its satellites in Central and Eastern Europe after World War Two and still later in the cases of China and North Korea. The main western ideological source for these regimes, Karl Marx, had never more than condescendingly accepted co-operatives as a useful form of enterprise in the historic class struggle: at best, they were of value

to independent commodity producers in the evolution of capitalism; at worst, they were a kind of false consciousness, not much more useful in his view than the simplistic panaceas advanced by the anarchists. It was a perspective that would be echoed in the regimes started in his name. As the ideas of Marx were applied, however crudely, in the USSR and the other regimes, co-operatives were reluctantly permitted to exist but always as creatures of the state, an approach that challenged the concept of member control within orthodox co-operative circles and antagonized many western, “liberal” co-operators.

The result was a continuing crisis of epic proportions for the international co-operative movement, arguably the most inhibiting factor in the movement’s development in the twentieth century. Successive generations of international leaders wrestled with the issue from the 1920s through the 1980s; it overwhelmed other concerns and embroiled the movement in the paralysing debates of the cold war. The resultant discord fostered a series of negative consequences, including the departure of key co-operative banking organisations, a long and acrimonious argument over the appropriate role of the state, constant political infighting in the deliberative assemblies of the international movement, and, above all, an inability to reach consensus on key aspects of the co-operative approach and what “co-operativism” really meant.

Co-operativism did not always fare much better in the hands of other ideologies – social democratic, liberal or conservative – during the twentieth century. All too often, these ideological formulations, and the political parties that reflected them, adopted the form of co-operative organisations while they ignored or scorned the substance. This pattern of co-option had beleaguered the international movement from its beginning in the nineteenth century, constantly muting its distinctiveness and complicating its messages. Within academic circles, this lack of precision, this capacity to be absorbed by other ideologies and to become mere formalism, meant that there was a very limited body of research to address the developing issues of the movement as the century progressed; for the most part, there was only imitation of practice in other parts of the economy, private and public. The theoretical

base upon which the movement was based was in many parts of the world invariably weak, one of the victims – arguably one of the losers – in the Age of Ideologies.

In fact, for nearly all of the twentieth century, it was not even possible to arrive at a definition for a co-operative that could be generally accepted: there were too many different views, too much contest in the terrain of definition, to permit consensus. Nor was there easy agreement on the basic principles upon which the movement could be based: it was not until the 1930s, forty years after the formation of the ICA that there was a serious effort to reach agreement on this fundamental question.

When that search seriously began in the midst of the Great Depression, it was almost inevitable that the Rochdale Pioneers should be signalled out for special attention. They were the ideal “little men”, historical and human embodiments of the “every-man” Charlie Chaplin made popular in his films at the time, a defiant testimony to the capacity of ordinary people to persist and ultimately to conquer: they were self-help successes within the working class. More concretely, they had made a valuable contribution in the practical rules and rich vision they presented in the middle of the nineteenth century. The consumer movement to which they had substantially contributed was dominant within the offices and assemblies of the ICA as the 1930s review was being undertaken meaning that they were particularly welcomed by the movement’s leadership.

The Pioneer tradition also benefited from a remarkable line of celebratory admirers from Holyoake through the Webbs to Charles Gide and G.D.H. Cole: by the thirties there was a rich vein of literature about them, readily available in many parts of the world, much of it carried through the European diaspora that had accompanied the “Rise of the West”. Thus, though other historical figures might have been celebrated and their contributions explored more deeply in considering the essence of the international movement (for example, Owen, Raiffeisen, Schultze-Delitzsch, and Buchez) and there were some contemporary views that might have warranted careful consideration (Gide, Fay, Digby, Fauguet, and

myriad national leaders in many parts of the world), the search in the 1930s focussed ultimately on Rochdale.

There were, however, problems both with the Rochdale approach and with the way in which the Rochdale Pioneers were interpreted. The Pioneers interpreted the movement from the consumer's perspective, albeit with an exceptional appreciation of the remarkable range of opportunities associated with what became called the consumer theory of co-operation: the idea that the economy could and should be based on the needs of enlightened consumption and not on the demands of extravagant production. It was a vision that helped create the remarkably innovative and far-reaching Co-operative Wholesale Society, a path breaker in international commercial organisation; in fact, one can claim that it was one of the most effective and innovative business forms created in the last half of the nineteenth century, anticipating many of the structures and complexities of the modern corporation.

The consumer-oriented vision that was accepted by the 1930s committee, however, delimited the Rochdale vision by driving a wedge between the so-called essential features of organisation and the desirable features of social commitment. It was a dubious approach, one that could easily be taken to mean that only bottom lines realities really counted. The 1930s version of co-operative principles was also silent on the communitarian traditions of the original Rochdale approach, the commitment to home colonies, full employment and social programmes, the traditions that were the source for much of its latitudinal creativity. This limiting of the vision was an inevitable consequence of the political and sectoral pressures of the 1930s, but it was also arguably a result of the poverty of theory that had started to characterize the movement, at least in the North Atlantic.

The 1966 restatement of the principles was an attempt to bring the whole together in ways that formerly had not been possible. It cautiously sought to broaden the sense of ownership beyond the consumer movement, and to some extent to recognize that the movement was starting to spread far beyond its European institutional homelands. It coincided approximately with the opening of the ICA Regional Office in India as well as a series of other

international co-operative trends: for example, a major initiative within the United Nations to encourage co-operative development in the so-called Third World, the emergence of national overseas development programmes that fostered co-operative development (notably by Scandinavia, the United States and Canada), and the embracing of co-operatives by many independence movements in European colonies in Asia and Africa. Influenced by the redoubtable and brilliant Will Watkins, the 1966 committee struggled to understand the impact of those developments and to encourage the movement to reach beyond the confines of the contesting North Atlantic understandings.

The 1995 effort continued in that tradition. It tried to provide a document that spoke to all kinds of co-operatives; it generally succeeded in doing so, though some in the worker co-operative movement found its wording still rather awkward, a criticism echoed by some in the field of health co-operatives. It attempted, too, to reach out even more than in the 1960s effort to reach beyond the boundaries of the North Atlantic countries and to honour the multi-faceted origins of the international movement. Because of the communication and transportation revolutions, a genuine international set of dialogues was undertaken, one that ultimately engaged some 10,000 people in direct discussions. It was a genuinely multi-national dialogue.

In trying to understand what was happening in Manchester in 1995, it is important to remember that co-operatives are essentially process institutions; that they are exercises in compromise and consensus; that values are the bedrock for any legitimate co-operative theory; and that principles are guidelines to inform action more than they are absolutes to judge performance. One might suggest the three main efforts to establish the principles and ultimately to proclaim an identity, in the 1930s, the 1960s and the 1990s, were reflective conversations among those co-operators who chose to participate. They were important parts of a never-ending quest for understanding and redefinition, a process that will never end within the international movement.

The difference with the 1995 iteration was that there was the sense of a new beginning. With the Cold War coming to an end,

and with the accumulating impact of communication revolutions, the world – at least prior to the over-reactions to terrorism a few years later – seemed a smaller, safer and more industrious place. Francis Fukuyama proclaimed the end of history in the sense that the great ideological formulations of the past that had come from the great ideologies no longer had much currency. For many, too, particularly in the world of international finance, the keys to economic growth for many seemed to have been found in the unhindered functioning of the market place, a concept that had not proven accurate in the nineteenth century but nevertheless was popular once again. Faced by these apparent trends, the challenge for co-operators seemed to be to clear the decks of the flotsam and jetsam from their past and to forge a new perspective, more appropriate to an entirely new age. This might have been a simplistic view, but it was liberating and empowering.

What were some of the other key characteristics of the 1990s effort? One was its length. In a sense it stretched over some seven years, if one includes the work of Sven Akë Bööck, whose recent death saddened all who knew him and particularly those of us concerned about the nature of co-operative thought. Bööck's mammoth enquiry into values, wandering though some may have found it, was a crucial part of the reconsiderations that took place in the 1990s. In particular, it helped to make possible the identification of the movement's core values, perhaps the most abiding part of the work that was undertaken. It is also true, though, that, when added to the three years taken to generate consensus of *The Identity Statement* (and its accompanying documents), it contributed to the fatigue evident by the time the world's co-operative leaders gathered in Manchester.

Second, the 1990s process involved considerable – if uneven – international dialogue, but one that was enlivened by the presence of many new faces. There were significant pockets of interest in Europe and North America, though one might argue that the degree of interest in some of the older movements and several older co-operatives was less than one might have wished. The most ardent interest emanated from the newer co-ops, the co-ops in southern Europe that had tended to have low visibil-

ity within the ICA in the past, and from younger people generally. Geographically, the greatest interest was found in Asia, from the co-operative movements, like those in Japan, Korea, and the Philippines, that had grown so remarkably in the last half of the twentieth century, and from India, with its rich co-operative tradition and well established research/training capacities. For the first time, too, there was significant dialogue between co-operators and researchers in the rest of the world and their counterparts in Latin America. In fact, the opening up of this dialogue may have been one of the most significant contributions of this process, meaning that at last people in the remainder of the world could start garnering the benefits of an increased understanding of the Latin American experience.

Third, the process took place amid the end of the Cold War, the disintegration of most of the centrally planned economies and the reformation of the few that remained, and the triumphal celebrations for the apparent victories of market-based economies. The changing roles of the state, reshaped harshly in some parts of the world through the structural adjustments of the World Bank and International Monetary Fund and in other parts by the electoral victories of more conservative political parties, harmed some traditional co-operatives but created opportunities for others. It created an apparent “climate of changed circumstances” in which co-operators were forced to consider the possibility of an entirely changed economic and political environment from the one that had significantly shaped their world since the early part of the century. This often-bewildering combination of external changes caused considerable apprehension within the international movement, even though many co-operative leaders were also excited by the possibilities. The trumpeting of the virtues of private enterprise and, almost everywhere, the power its advocates possessed in government, the media and business schools, contrasted sharply with the limited understanding and research basis for co-operative enterprise. The weakening of support structures for the old order co-operatives in the agriculture and food processing industries, the internationalisation of the financial industries, and the withdrawal of the state from activist roles in the economy – all of these

changes created a sense of apprehension within many co-operative circles.

While *The Identity Statement* can hardly be seen a full answer to such widespread changes, threats and apprehensions, it was a defiant response to some of them and a source of some confidence for the movement. It charted a different course that proved in the long run to be helpful as it promoted member accountability, an important point as the purely market-based approach stumbled amid the follies of Enron and other scandals. It expressed a concern for community that resonated well as the uneven impact of pure market concerns affected many communities around the world, in the North as well as the South.

But assessing the specific impact of *The Identity Statement* is something of a fool's game. There were a few obvious and unchallengeable benefits. There was certainly a heightened discussion of the roles of values within co-operative enterprise, the consequence of Sven Akë Bööck's work, reflections by key co-operative leaders, such as those by Isao Takamura in his book, *Principles of Co-operative Management*, and the efforts of such individuals as Peter Davis in the building of the management programme at Leicester. One can also see evidence of a growing international consensus, nowhere more obvious than when the International Labour Organisation adopted the ICA's definition of a co-operative. This step meant that at last there was a genuine international agreement as to the distinctive nature of a co-operative. It was a welcome development, one that also signalled greater collaboration between the two organisations: while there had nearly always been cordial relations between them in the past, there had not always been as much collaboration and co-ordination as one could desire.

Beyond that, making generalizations becomes difficult. There have been no systematic analyses during the last ten years to see if *The Identity Statement* has had any discernible impact. Not is it possible to see if there has been any international change in how people appraise the co-operative model. Moreover, even on an impressionist level, it is difficult to know what is cause and what is effect. Was *The Identity Statement* just echoing the most compelling voices in co-operative circles at the time? Did it seek to shape

co-operatives according to co-operative thought or did pressing changes already underway make the changes of *The Identity Statement* necessary? Given the process it went through, perhaps the derivative dimension was more important than the commanding imperative. One can also say that, like most co-operative changes, it was the result of a dialogue between practice and theory.

There may be value, however, in considering what came for me to be a new way of thinking about co-operatives as a result of the work ten years ago. I became impressed with how significant values were in understanding what co-operatives were all about. I think it is the values that make co-operatives important and they ultimately shape the principles and define the co-operative's distinctive characteristics. The values, though, are not the same as those evident in the "values" literature of the contemporary business world, though there may be similarities between the two traditions. Co-operative values emerge out of co-operative thought and co-operative experience; they have their own context and process of vindication.

The principles should be seen as the extension of the values, as ways in which values play upon the world as we know it. They are not timeless as some would like them to be: they are changing responses from a philosophical position that seeks to relate to the diversities of human experience and to help guide our economic and social relationships within co-operative enterprise. Moreover, I became struck by the ways in which the principles interconnect with each other, in fact form a seamless web. One cannot subtract a principle or even a part of a principle without affecting the other principles: the impact of the principles is not simple – it is cumulative through multiplication.

If that is so, then the question is: how do co-operators "live their values" and practice their principles as they apply at a specific time? It is not easy to answer and there can be no simple, single answer, given that co-operatives exist in different places and within different cultures. Values will always be subject to nuances, affected by culture, shaped by class and responsive to gender differences. They will also be influenced by the state of development of a given organisation and of the movement to which it is as-

socaited. Thus, the question for us today is: how are, how should, co-operators apply the 1995 statement? How have they done so? Has it made a difference?

In answering this, I would like to refer to how I came to understand the co-operative reality in the wake of the work that was done some ten years ago: the growing belief that the co-operative reality is worked out within five malleable “spheres of activity”, five interconnected dimensions within which co-operatives must work if they are to be effective. They are: the relationships they foster with members, the sector, the state and their communities and the way in which they try to manage their affairs in accordance with co-operative values and principles. I came to realize that all of these dimensions were essential, that all had to receive consistent and careful attention. That statement may seem banal, but I came to believe that problems and uncertainties developed whenever one or more of these dimensions was ignored or undervalued; that all were essential to good “co-operative health”.

So, what did *The Identity Statement* have to say directly and indirectly about these spheres of activity? Well I think the record was pretty good, though I doubt that we made as many hits as Ichiro Suzuki did for the Seattle Mariners this year. Certainly, we did not direct attention specifically to management issues, which, in the original intent of the ICA, were to be dealt with through the development of Operating Principles for at least each of the major kinds of co-operatives. The 1990s process, though, did address some of the key issues in the other spheres.

Membership

There was a subtle but I hope important emphasis on membership that pervaded *The Identity Statement*. It can be found in the definition, which emphasized the centrality of membership for co-operative organisations. It can be found in the statement of the values, in the first grouping – self-help, self-responsibility, democracy, equality, equity and solidarity, all values that define the relationships between co-operatives and their members. It can be

found in each of the principles, which, as much as possible, are stated in terms of membership benefits and responsibilities: perhaps most noticeably in the enhanced principle on member economic participation, the emphasis on member responsibility for the proper operation of their organisation, and the restatement of the importance of education, particularly the emphasis on member education.

This increased emphasis on membership coincided with a renewed interest among co-operators and co-operative researchers in the possibilities and advantages of membership. In Japan this interest was demonstrated in the work done on a book that I think has not received the attention it deserves. Elsewhere, it has been evident, for example, in the consumer movement in the United Kingdom and in several credit union circles, to see if a long period or relative neglect of members could be reversed – for business as well as theoretical reasons.

Moreover, I think it is fair to say that there is a growing recognition within the movement that the concept of memberships represents a business advantage, both in terms of the kinds of information its can provide and for the ways in which membership involvement can enhance management decisions. There is an increasing recognition of the economic advantages of building strong relationships between customers and firms, attested to by the immense popularity of affinity programmes in the market place, everywhere from hotels to gas stations, convenience stores, coffee shops and department stores.

Co-operatives, it can be claimed, were among the pioneers in the “affinity” approach; in fact, they had a much deeper understanding of what kinds of affinity were possible, particularly if one thinks of the roles, benefits and responsibilities of membership. It does not take too long in exploring co-operative history to find numerous examples of how membership loyalties and affinities built major co-operative movements and have been the bedrock on which movements have developed. From Rochdale through many other consumer co-ops and in many examples within agricultural, fishing and worker co-ops, there are numerous examples of remarkable member loyalties, especially in the formative and

building phases; loyalties that made success possible. Currently, too, groups of researchers from across Canada, working through the offices of the Centre for the Study of Co-operatives at the University of Saskatchewan, are beginning to unravel and appreciate the possible roles co-operatives can play in contributing to the social cohesion of communities. It is an old story, dressed up in modern language and reflecting contemporary concerns over the decline of civil society, but one that many co-operators have lost sight of during the last fifty years, in the North Atlantic world at least.

This emphasis also fits well within another set of associated debates evident in the most prominent political discourses of our time. There is a lively debate within Economics and Business Studies and, most importantly in public discourse, about the value of networking, trust and the social economy in creating sustainable economies and overcoming economic adversities. The debate has emerged as a reaction to some of the excesses of the increasingly unrestrained market economy and the struggles communities have in responding to negative economic and social trends. It takes place amid a growing realisation that there is a need for many different kinds of capital, not just financial capital; that a buoyant financial market place also needs a healthy social economy; and that simple bottom-line accounting does not present an adequate statement of the costs of our economic activities. The new Institutional Economics, Social Economics and Environmental Economics are raising such questions and making their claims, even in the North American heartland of supply side Economics.

There is also a search for greater accountability and transparency and growing concerns over extravagant compensation for executives. While one should be cautious about making blanket or extreme claims, one can argue that the membership basis of co-operatives, wherever their democratic structures are effective, can be effective responses to these problems, good protectors of the common good. Perhaps it is time for the co-operative movement to make that claim more aggressively and to focus even more on governance issues so that it can be clearly seen as a key attribute and a positive feature of co-operative enterprise. The future can

only be positive for organisations that can clearly demonstrate their effectiveness, integrity, and responsibility.

The Sector

There is only one principle that refers directly to the sector: it is the sixth principle on “co-operation among co-operatives”. It continues the tradition started in the 1966 statement but tries to push it a little further and specifically to encourage co-operation at an international level.

As we all know, though, such declarations have been uttered on various occasions by many co-operative speakers for over a hundred years but the reality is that co-operation among co-operatives is rarely easy to achieve. It can be easier where legislative frameworks, for example in marketing co-ops, or obvious business advantages, as in wholesales among consumer co-operatives. In general, it has been easier to create synergies and co-operative activities among co-operatives of the same type; the problem has always been to create united effective voices across different kinds of co-operatives. There are significant differences among countries and, in nations as large as Canada and the United States, remarkable variations within regions or among provinces and states. One can even argue that, in contrast to vertically integrated private enterprise or the concentrations evident in some business sectors, the co-operative world is different because power and influence can be weaker the further one gets away from local units. Local organisations often keep central institutions on short financial leashes, making them less effective than they should be and frequently overstretched in all the things they try to undertake.

While the main reasons for this curious state of affairs probably are associated with the way democracy is understood within co-operatives and the urgency of member needs co-operatives try to meet, another reason is the relatively underdeveloped state of co-operative theory. The greatest surges of co-operative interdependence have coincided with apparent needs to mobilize resources to influence government legislation or administration and with

strongly articulated visions of the possibilities for co-operative enterprise. To some extent, *The Identity Statement* encouraged some greater co-ordination because it helped precipitate many legislative changes in co-operative statutes around the world, particularly in regards to member investments and governance issues.

The more difficult challenge though lies within the realm of theoretical and ideological vitality, in deepening of understanding of identity, the main thrust of *The Identity Statement*. Encouraging such vitality is complex; it means overcoming many decades of neglect and, particularly, fostering a broad yet focussed international, multi-disciplinary effort to understand the dynamics of co-operative organisations, the varieties of co-operative thought, and the context within which co-operatives exist more thoroughly, more analytically. In the end, the co-operative movement is based on knowledge; it is only as effective as the knowledge on which it is based is cogent, contemporary and sophisticated. It expands as it communicates; it grows as it understands; its members will only be fully committed if they understand.

The State

The fourth principle on *The Identity Statement* asserts the importance of co-operative autonomy, the need for independence from governments and the need for retaining member control if co-operatives enter into alliances with private enterprise. This principle, which elicited considerable discussion, was developed beneath the shadow of *perestroika* and *glasnost*, the economic transformation of the USSR and its satellites in Central and Eastern Europe. In a way, the independence principle was a much delayed response to the question about government control raised some seventy years earlier when the USSR had been formed. It had been a response that the ICA had been reluctant to make because of sympathy for those co-operators in the intervening years trying to develop co-operatives within the Communist regimes. As those regimes disintegrated, however, it became possible to make the independence point vigorously and so it was done. It was also important

to do so that the people in Central and Eastern regimes would understand that the co-operatives they had known for so many years had been far too close to governments; that they should reflect back on the kinds of co-operatives that had existed before the Communists had taken over.

The principle, though, was aimed at the remainder of the world as well. In many parts of the South, co-operatives had been started during the period of dominance by northern empires or as part of independence movements. Either way, they tended to have a heritage of extensive government influence if not outright control. Particularly in nations affected by “structural adjustment” programmes instituted by the World Bank and the International Monetary Fund, many southern countries were withdrawing support to co-operatives during the 1990s. The emphasis on independence within *The Identity Statement* was partly intended to indicate to co-operators in the South, as well as in the former centrally-planned economies, that being removed from government control was the normal, and even the preferred state of affairs.

The statement, however, did not envision total removal from the political process, providing for the possibility of collaboration – as long as members retained control over their co-operatives – and for promoting the co-operative alternative to opinion leaders, which would, of course, include political leaders and key people within the public service. Whatever the rhetoric might be in some countries, the role of the state is still vital, often as much in what they choose not to do as in what they do. Like any other organisation, co-operatives have a responsibility to ensure that the legislation governing them is appropriate and allows them to be competitive in the market place. Moreover, as parts of a movement, co-operatives have a responsibility to ensure that governments understand and encourage community-based enterprise so that citizens have the full range of alternatives as they seek their economic and social improvement.

It is not easy to know if *The Identity Statement* has led to more integrated and sophisticated approaches to governments by co-operative movements around the world. Certainly, the ICA has used it effectively in making representations to governments and it

has played a role in the ministerial conferences in Asia. It has also helped in defining the roles of co-operatives within the European Union. It has become a standard way in which many co-operative organisations project their identity through web sites and printed documents. It (or parts of it) have been influential in reshaping numerous changes in co-operative legislation in many parts of the world. Has it become ingrained within movements? Maybe we will only know when there is another inquest into the state of the international movement some years hence.

Communities

Perhaps the “new” part of *The Identity Statement* that most engaged co-operatives and movements around the world was the seventh principle on community responsibility. Though deeply rooted in co-operative thought and apparent throughout the international movement’ history, the idea of community responsibility had been too often assumed or, even worse, unacknowledged. It has not always been the subject of sustained commitment within co-op circles nor evident in the daily operations of given co-operatives.

The 1995 *Statement* led to considerable reflection on the nature of the communities in which co-operatives were involved and widespread re-evaluation of community responsibility. Of all the consequences of the 1995 restatement, this is the one that perhaps gives the greatest satisfaction to the people involved in it. It has helped generate a greater concern about the environment, increased collaboration among co-operatives on a local level, the development of new co-operatives to meet community needs (for example, in health and social services), and more powerful ways in which the movement can show the public and governments the relevance of co-operation.

Management

The Identity Statement does not refer specifically to the management of co-operatives. As the project was originally conceived, there was supposed to be yet another stage in which different kinds of co-operatives would develop their own *Operating Principles*. The rationale for this division was the recognition that the co-operative world is so diverse and complex that trying to develop a single set of principles to help guide all the managerial practices was impossible and yet it was important to try to reflect on how co-operative values and principles should govern the daily activities of co-operative organisations. Creating separate statement on operating principles for different kinds of co-operatives would make it possible to address different capitalisation issues, varying employment practices, different competitive situations, specific training/education needs, and appropriate member involvement according to the types of business in which co-operatives were engaged. It would allow for some variation in how managers and employees could engage in the governance of co-operatives. It would permit recognition that there are different levels of fiduciary responsibilities within different kinds of co-ops and different levels of accountability. It would permit a more precise yet varied understanding of the operations of co-operatives that more on the social side of the co-operative continuum of organisations and those that are on the more economic side. I still think this would have been a very helpful exercise and regret that (to my knowledge) only the housing and, to some extent, the insurance sector pursued it.

At the same time, the efforts of many people around the globe – from Singapore to Japan to the United Kingdom to Halifax – to address more resources and thought to the distinctive demands of co-operative management are important. Management within co-operatives is not the same as management in other organisations, private or public, though there are obviously ways in which they can be compared and there is always value in learning whatever one can from how others organize and operate organisations. The differences emanate out of co-operative values and the “extra”

demands they place on co-operatives as opposed to other organisations. They are tied to the unique ways in which the will of the members, as reflected through the democratic structures of their co-ops, interchange with the needs and actions of management. They come from the ways in which the principles combine to shape effective co-operative institutions, creating synergies and widening opportunities if they are managed properly. They are the result of the four other spheres in which co-operative organisations must routinely be active and which must always concern co-operative leaders. They are invariably concerned with the context – community, understandings, and economic realities – within which co-operatives invariably operate and to which, by their nature, they must be particularly sensitive.

Those charged with the stewardship of a co-operative are fortunate: they have unending opportunities to be useful to themselves, their members, their communities; they lead organisations that should be of expanding service in a responsible, accountable and creative way.

Conclusion

In balance, the 1995 revisions reflected and helped spark some key shifts, some of them quite subtle, within the international co-operative movement. It was much like the earlier efforts in the 1930s and 1960s. It will be echoed whenever the international turns once again to reconsider its basic philosophy and how it can be applied. There is no shame, regret or disappointment in the fact that the process of definition and re-evaluation does not end. Given that, perhaps the abiding contribution of the 1995 effort was that it tried to provide a clear and persuasive understanding that there was a distinct international co-operative movement with an integrated ideology, albeit one that needed to be studied and considered more extensively and carefully. After all, it is of some value to know where you stand. It makes it a little easier to know where you want to go.

Section Three

Credit Unions and Co-operative Banking

Alphonse Desjardins: A Co-operative Icon for English-Canadians¹

APHONSE DESJARDINS IS an icon within the Francophone co-operative movements in Canada, certainly in Québec but in several other provinces as well. Along with his wife Dorimène, he was the founder, the creative force, behind the development of the Caisse populaire de Lévis, which opened its doors (more accurately, the doors of the Desjardins family home) for its members as the twentieth century began.

For the next twenty years, until his death in 1920, Alphonse sparked the development of the movement that carries his name, one of the most successful co-operative movements in the world. He lobbied governments for appropriate legislation, built an extensive network within and without Québec, helped open over 100 caisses, envisioned the development of the Québec movement, and left a legacy of single-minded, altruistic devotion.

Desjardins' impact outside Québec was remarkable. His contributions to the development of the American credit union movement are well documented and acknowledged. He helped start the first truly co-operative bank in New Hampshire in 1908. He made several trips to New England to popularize the idea of co-operative credit, most notably to Boston, the centre for much early interest in the field. He particularly influenced Edward Filene, perhaps the most important early leader of the American movement that today has over 80,000,000 members.

What is less well known is his impact on the English-Canadian credit union and co-operative movements, perhaps because their histories are not widely known or popularly understood. On the occasion of the 150th anniversary of his birth, perhaps it is a good time to rectify that omission and to acknowledge his three-fold

¹ Prepared for the Mouvement Desjardins on occasion of the 150th anniversary of his birth, October, 2004.

contribution to the English-Canadian co-operative movement – as a visionary, as an advisor, and as a model.

Desjardins developed his vision for co-operative banking over more than a decade of research during the last years of the nineteenth century. He read widely in the European literature on the subject and corresponded with several of the great advocates of co-operative banking at the time, such as Luigi Luzzatti, Henry Wolff, and Horace Plunkett. He developed his own version of co-operative banks, however, based on the needs of the people of Québec and on his own ideas of democracy, mutuality, reciprocity, and morality. He treasured thrift and sought to inculcate it among caisses members as a way to counteract the usury common at the time. He believed that credit extended to the working classes “for legitimate and useful purposes” was the most effective way to encourage them to take greater responsibility for their economic, mental, and moral health. He believed that financial institutions developed within restricted geographical units could help overcome the increasing alienation of his time. He believed that the caisses should help develop other kinds of co-operatives as well – to provide food, market agricultural produce, and create work.

His was a powerful vision that reached out to different classes of people, attacked the evils of the day with a sense of moral outrage, and empowered all those who seriously responded to it. He projected the vision outward unto the rest of Canada as well, helping to organize caisses in the Ottawa area where he spent several months each year working as a recorder in the House of Commons, as well as in other parts of Ontario, and several other provinces as well. Between 1905 and 1918 he worked with numerous politicians, Anglophone as well as Francophone, in an unsuccessful effort to secure national legislation, first for all kinds of co-operatives and latterly, just for financial co-operatives.

Desjardins became acknowledged as the most authoritative voice on co-operative credit in Canada and one of the best-informed experts on all kinds of co-operatives, evident in his testimony before a special House of Commons Committee on Co-operatives appointed (to a large extent because of his pressuring of politicians) in 1906.

He was particularly highly regarded by George Keen, the general-secretary of the Co-operative Union of Canada, formed in 1909 as a focus for co-operative development in English-speaking Canada. Keen used what he had learned from Desjardins as he introduced the idea of co-operative credit throughout much of English-Canada in the 1920s and 1930s.

Desjardins raised the possibilities of co-operative credit on the Canadian Prairies, where it was taken up with enthusiasm by farm organisations and governments desperately looking for ways to help farmers meet their financial needs. While a deeply committed “son of Québec,” Desjardins had a broad vision that included everywhere that there was a need for co-operative credit or, indeed, any kind of co-operative. Like many co-operative leaders of the time, he was a kind of committed internationalist.

All of these were substantial contributions. The English-Canadian credit union movement, even when it did so second-hand through direct contact with American organizers, essentially adopted Desjardins’ methods of organisation. It patterned its early legislation in part after what Desjardins had negotiated with the Québec government in the early twentieth century. It built on his vision of collectivities of people bound by geography, religion, and cultural identity to create a range of credit unions serving very diverse communities.

But it is perhaps Desjardins as model co-operator that was his most important contribution to English-Canada. Desjardins is the most prominent and common name one can find in the background and theoretical literature of the English-Canadian credit union movement. He shares with Moses Coady of Antigonish a kind of reverence that is extended only to the true “pioneers”, the people with the original vision, the dedication, and the creative skills, that make movements possible. His ideas about structure and purpose, rightly or wrongly, were transcended in time, but as a model “co-operator” he still speaks to those who would reflect on what he said. English-Canadians should appreciate more his contributions to their society and their co-operative movement, both while he was alive and afterward.

Context, Charisma and Continuity: Leadership and the Formative Years of the Québec, American and English-Canadian Credit Union Movements¹

THE IMPACT OF “founders” on their co-operative organisations or movements often lasts for generations. The Rochdale Pioneers are the most obvious example of this phenomenon, their story having become the central “myth” in the international movement’s history.² They are the quintessential co-operative “founders”, celebrated in numerous histories from Holyoake and Cole to Thompson and Burchill. They have been the subject of a movie, several plays, a few poems, and numerous songs. They have even appeared in cartoons. They were the starting point for the International Co-operative Alliance whenever it contemplated co-operative principles during the twentieth century. They have become “larger than life”, the bedrock on which much co-operative thought and many co-operative traditions have been built.

There are, however, other founders. In a sense, Robert Owen was one: though his direct impact on co-operatives today is faint, his indirect impact remains because of his belief in human potential and his conviction that education could shape human personality, two perpetual themes in co-operative thought and activism. Others have played more direct roles: Freiderich Raiffeisen and Hermann-Schultze Delitzsch in co-operative banking, Toyohiko Kagawa in the Japanese consumer movement, Horace Plunkett in the Irish agricultural co-operative movement, Aaron Sapiro in marketing co-operatives in North America, Jawaharlal Nehru in

¹ Paper prepared for the Robert Owen Association, Japan, June 2004.

² By “myth” I mean the story, sometimes distorted for effect or celebrated as a way to draw attention to, the working class origins of the Pioneers, origins that suggested the ability of almost any group to forge successful co-operative enterprise.

the modern Indian movement – the list of founders could be as long as there are identifiable movements.

Typically articulating the central visions of their movements, founders personify the ethical concerns and basic values on which they are based. They help mobilize human and financial resources and build original institutional frameworks. They are central to the “movement-building” process, dominating the environment within which specific co-operative organisations and movements emerge.

Many founders might be thought of as charismatic figures, but co-operative “charisma” is generally less dramatic than other kinds. They demonstrate an obvious devotion to “the cause” and earn respect rather than demand it. They typically are powerful communicators, though not necessarily outstanding orators. They assume intellectual roles, defining fundamental purposes and articulating underlying philosophies. They develop special bonds with members through their magnetism, their organisational efforts, and their capacity to inspire. They usually negotiate the first legislative frameworks with governments and help situate their organisations and movements within the political economy of their times. They shape the first managerial systems their movements’ develop as they struggle to exist.

“Founding” leadership, therefore, is a necessary complement to the grass-roots pressures that are the starting point for all significant co-operative development.³ This paper explores the leaders of the formative stages of three main traditions within the international credit union movement: in Québec, the United States, and English-Canada.⁴ Each of these movements was profoundly

³ This paper is not intended to offer a “great man” (not even a “great person”) theory of co-operative development. It is intended as a preliminary effort to understand the roles and contributions of individuals who play a prominent part in establishing co-operative institutions and movements. It is also intended as a contribution to literature on co-operative leadership, a topic that needs further study...almost as much as the issue of the social and economic context that allows co-operative movements to emerge and thrive.

⁴ There are significant differences among credit unions in different parts of the world. The Irish and Australian movements, for example, particularly when thought of historically, possess different emphases and priorities. The difference become even more marked when one examines development of movements that emerged in Latin America, Asia

influenced by the visions, attitudes, and preferences of their most prominent founders.

The Québec Case...

The early development of community-based co-operative banks in Québec, where they were called *caisses populaires*, is inextricably associated with Alphonse Desjardins, and, to a significant degree, his wife Dorimène. They both possessed one of the key elements of “founder” leadership because they could easily identify with the working people they sought to help. Alphonse, in particular, came from a family that had felt the threat and bite of impending poverty in many ways. His parents, François and Clarisse Desjardins, lived in Lévis, Québec, across the St Lawrence River from the city of Québec. They had fifteen children, suffered from frequent ill health, and constantly coped with uncertain employment.⁵ François died while only forty-three, leaving Clarisse with a large family to look after, one that continuously struggled to achieve economic security let alone the kind of respectability so prized by people of the Victorian era. It was a background in poverty that would always motivate Alphonse in his co-operative endeavours.

The eighth of their children, Alphonse, was a capable student in commercial studies and English at the Collège de Lévis until he left in 1870, probably for financial reasons. He became active in the local militia and, aided by his brother, quickly achieved the rank of sergeant major. In 1871 he went to Manitoba, part of a contingent sent westward by the Canadian government to combat threats from the Fenians, a secret brotherhood of Irish nationalists encouraging Canadians population to revolt against “their British masters”. It was Desjardins’ first encounter outside with wider Canadian society, contributing to a pan-Canadian perspective evident in much of his co-operative career.

and Africa.

⁵ Guy Bélanger (with Claude Genest), *Là où tout a commencé: La Caisse Populaire de Lévis, 1900-2000* (Québec: Éditions Multimondes 2000, 2000) pp. 5-6.

In 1872, he started a career in journalism. Politically, he was Conservative and he worked for Conservative newspapers that, like all papers of the time, were openly and militantly partisan. In 1879 he married Dorimène Roy and left the rather insecure world of journalism to become a recorder of debates in the Québec legislature. He remained in that rather comfortable post for a decade, starting a family, participating in the social and intellectual life of the provincial capital, and becoming interested in economic issues. He started to read in European social and economic thought, worked with groups (especially the Chamber of Commerce) concerned with the economic development of the region, supported charities, and deepened his already considerable religious commitment.

In 1887 Honoré Mercier, leader of the newly formed Parti National, a militantly nationalist organisation, formed the government in Québec. Given his more moderate, inclusive nationalism, Desjardins was soon unemployed. After briefly returning to journalism, he joined the staff of the House of Commons in Ottawa in 1892 as French language stenographer, a position he would hold until retiring in 1917.⁶ During the approximately six months he spent each year in Ottawa, Desjardins continued reading in European thought. He studied carefully the evolving Catholic position on social problems and was greatly impressed by *Rerum novarum*, the papal encyclical written by Pope Leo XII in 1891.⁷ It called upon the faithful to address the problem of growing poverty and affirmed the right of working peoples to organize “societies for mutual help and relief”, a phrase most took to include co-operatives.

Desjardins was particularly concerned about the “the enigma of credit”, the problems most people had in accessing credit. He was horrified as he listened to a debate over usury in the House of Commons in 1897, when, for example, it was revealed that one

6 Pierre Poulin, “The Origins of Savings and Credit Co-operatives in North America,” B. Fairbairn, I. MacPherson & N. Russell, (eds) *Memory, Mutual Aid and the Millennium: Canadian Co-operatives in the Year 2000* (Saskatoon: University of Saskatchewan, 2000), p.29. M. Guérin, *Rerum Novarum: how to abolish poverty: how poverty was abolished* (Québec: Bibliothèque nationale du Québec CIHM/ICMH Microfiche series, no. 04391).

7 Pierre Poulin, *Histoire du Mouvement Desjardins, Tome 1, Desjardins et la naissance des caisses populaires* (Québec: La Société historique Alphonse-Desjardins, 1990), p. 43.

Montréal man had paid \$5,000 in interest on a loan of \$150...an effective rate of 3,000% per annum!⁸ He searched for answers by studying earlier Canadian experiences with community-based credit systems and by researching the European co-operative movement. While he was interested in the co-operative banking organisation of the British consumer movement (and especially the organisational principles of the Rochdale system),⁹ he was drawn most to the community-based systems of Germany, Italy, and France.

Like most of Europe, Germany had witnessed economic adversity and political uncertainties during the 1840s. In 1850, Hermann Schulze, a Liberal member of the National assembly from Delitzsch in Prussia, started his first credit co-operative among urban artisans and shopkeepers. It failed, but he succeeded three years later when he started another co-operative bank based on self-help principles and conservative policies of high admission fees, mixed memberships, payment of officers, high dividends on invested capital, and lending only on strong securities. His model spread quickly: by 1864 he had organized 400 banks and in 1865 opened the first Schulze-Delitzsch central bank (he had added Delitzsch to his name so as to distinguish himself from all the other Schulzes serving in the German legislature).

Desjardins was even more interested in the work of Friederich Wilhelm Raiffeisen from Heddesdorf, the other chief “founder” of the German movement. Like Desjardins, Raiffeisen was a devout and conservative man, passionately concerned with promoting mutual self-help and self-responsibility among people facing economic hardship. His co-operative banks, first formed in 1854, consisted of small groups of people tied together by bonds of neighbourhood or church affiliations. He believed in voluntary leadership, low admission fees, low interest on capital, loans only for providential and never for frivolous purpose, and the development of collective or shared capital. While not as immediately

⁸ See Peter Birchall, *Co-op: The People's Business* and Peter J. Gurney,

⁹ J. Carroll Moody & Gilbert C. Fite, *The Credit Union Movement: Origins and Development, 1850 to 1980* (Dubuque: Kendall/Hunt, 1984), pp. 3-9.

successful as the Schulze-Delitzsch model, Raiffeisenbanks eventually spread throughout much of Germany.¹⁰

Desjardins was particularly attracted to the model developed by Luigi Luzzatti among working people in Milan. A writer, an editor and subsequently a President of Italy, Luzzatti promoted co-operative banking and other forms of co-operatives, for example, in the wine industry. Unlike the German founders, he believed co-operative banks should be based on limited, not unlimited, liability so that member risk would be limited only to the amounts invested or deposited. He also believed in par value shares (they would always have the same value regardless of a co-operative's success). He also believed that "character" should be taken into account whenever a person joined a co-operative or sought a loan. Like Raiffeisen, he wanted his co-operatives accessible to people of modest income and he insisted on volunteer leadership.¹¹

Desjardins also corresponded with Henry W. Wolff, a remarkably well-informed English co-operator who, unlike many British co-operative leaders of the day, supported enthusiastically all kinds of co-operatives, including credit co-operatives. He had helped start financial co-operatives in Ireland and his writings on co-operative banking had become the standard authority in the field by the turn of the century.¹²

Desjardins, therefore, was part of an international quest for an effective model for community-based co-operative banking. He studied widely and carefully and then came up with a version appropriate for Québec. His *caisse* would be accessible to people with low income (if not to the very poor) and the small businessperson also often denied credit by the existing banks. Volunteers, not paid officials, would run the *caisse* and members would be liable only for the amount they had deposited or invested in the *caisse*. Those responsible for making loans were to

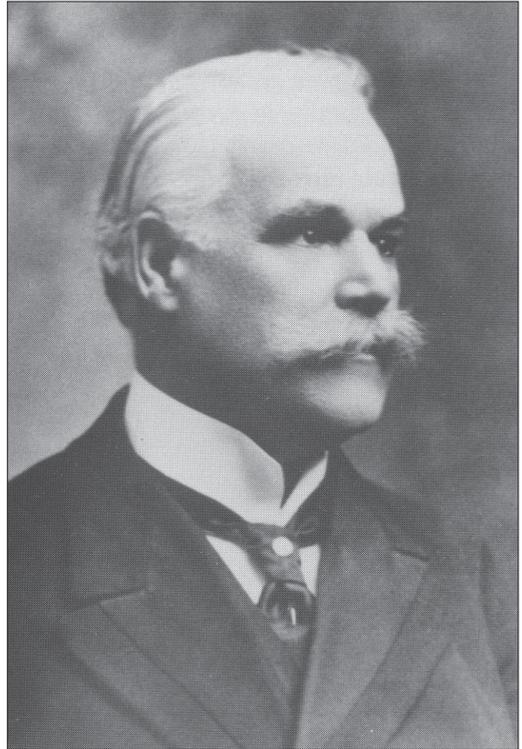
10 Moody and Fite, *The Credit Union Movement*, pp. 9-11.

11 Henry W. Wolff, *People's Banks, A Record of Social and Economic Success* (London, 1893) and *Co-operative Banking: its Principles and Practice* (London, 1907).

12 See Brett Fairbairn, "Raiffeisen and Desjardins: Co-operative Leadership, Identity, and Memory," B. Fairbairn, I. MacPherson & N. Russell, (eds) *Memory, Mutual Aid and the Millennium*, pp. 17-19.

take “character” and not just collateral into account in granting loans. Members would know each other well, usually through the bonds of the local Roman Catholica parish, and the priest, if he wished, could have an influential role. The Québec movement, therefore, in its beginnings, exuded strongly moral overtones and echoed the Raiffeisen system by extended loans only for “providential” purposes: to pay the costs of illness, to secure equipment for work, or to buy the necessities of life, but not for holidays or luxuries.¹³

The organisation meeting for the Caisse populaire de Lévis was held on December 9, 1900. When it opened for business in the Desjardins home a little over two weeks later, twelve people joined, depositing a total of \$26.40.¹⁴ It was the unlikely beginning of one of the world’s most successful co-operative movements. There were at least two major reasons why the movement prospered, albeit slowly, in its early years. One was the success of the Lévis caisse, possible only because Dorimène was willing and able to manage it when Alphonse was away in Ottawa for six months each year. The second was Alphonse’s reputation and connections. He was friendly



Alphonse Desjardins
Courtesy of Société historique Alphonse-Desjardins

¹³ Poulin, *Histoire du Mouvement Desjardins*, Tome 1, p. 61.

¹⁴ Poulin, *Histoire du Mouvement Desjardins*, Tome 1, pp. 124-131.

with the local priest and had access to the bishop's palace, meaning that he could promote the idea of co-operative banking within the extensive and powerful networks of the Catholic Church. Involved with business people in Lévis for some years, he was able to convince them that local caisses could be the means whereby they and low-income people could improve their lot. He also used well his connections within the Conservative party and with some Liberals. As with most "founders", Desjardins skilfully used such key networks in carrying out his work.

A crucial first step for Desjardins was the passage of legislation to allow for the democratic control structure and the social capital that he wanted for his co-operative banks. Thus he lobbied provincial politicians and public servants for a co-operative societies act, which was passed in 1906.¹⁵ If the movement were to grow as he envisioned, however, it needed an appropriate national or federal legislative framework. Given his job, his ties with leading Québec politicians, and his Canadian nationalist perspective, he seemed ideally situated to develop federal legislation, and he found ready allies among prominent Conservatives, notably F.D. Monk and among some important Liberals such as Henri Bourassa.¹⁶

Monk introduced a bill for the incorporation of banking co-operatives in 1906, but it was too late to be seriously considered in that session. A year later, he introduced another bill, one that would govern all kinds of co-operatives. Carefully managed behind the scenes by Desjardins and others,¹⁷ the bill encountered little opposition though it was sent to a special committee of the House of Commons for careful consideration. There it met a gathering "storm" being whipped up by the Retail Merchants' Association, which was alarmed by the spectre of the British consumer

15 For accounts of the struggle in Ottawa, see Poulin, *Histoire du Mouvement Desjardins, Tome 1*, pp. 133-142 and Ian MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1900-1945* (Toronto:Macmillan, 1979) pp. 30-33.

16 Poulin, *Histoire du Mouvement Desjardins, Tome 1*, pp. 133-140.

17 Government of Canada, *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: King's Printer, 1907), pp. IV-V.

movement then meeting the consumer needs of a quarter of the British population.

When the Committee reported back to the House, it nevertheless endorsed the bill and particularly praised co-operative banking.¹⁸ The bill passed the House unanimously but then ran into even more sustained opposition as it was considered in the Senate, where, because of its banking provisions, it was sent to the banking committee after second reading. Opponents, particularly the Retail Merchants' Association, sent "a great mob of retailers from Toronto, Montreal and other places"¹⁹ to voice their opposition. They argued that co-operative stores would ruin the retail trade as it then existed and that the provincial governments in Québec, Ontario, and British Columbia had already provided adequate legislation for co-operative banking. The latter argument was questionable since banking was a federal responsibility and the provincial acts differed and were not uniform or equally satisfactory for starting banking co-operatives. Nevertheless, the arguments – and the political influence of the merchants – had their effect, and the bill lost, nineteen to eighteen, when it came to third and final reading in the Senate on March 24, 1908. There were further efforts in 1909, 1910, 1911 and 1913 to pass national legislation for co-operatives, but they all failed.

These defeats form a turning point in the history of co-operative banking in Canada, one that took place even before the movement was well launched. They meant that the movement would have to find its way amid the diversity of Canadian provincial/regional realities. They meant, too, that Desjardins would become increasingly preoccupied with the Québec movement, expert in the organisational process, adept at identifying local leaders (often with the help of the church) and impressive in his speeches at organisational meetings. He became known as the *fondateur* of a movement that became steadily more entrenched within the province and helpful to parallel movements as they started to emerge among Francophones in other provinces. When he died in 1920,

18 F.A. Acland to W.L.M. King, *The William Lyon Mackenzie King Papers*, National Archives of Canada, p. 69.

19 Poulin, *Histoire du Mouvement Desjardins*, Tome 2, pp. 21-22.

the Québec movement possessed 140 caisses, 31,000 members and \$6 millions in assets.²⁰

The unfortunate point, though, was that the English-Canadian credit union movement, when it developed, would do so largely independent of the mouvement Desjardins. That fact would mean that the Canadian co-operative movement was weaker and less united than it might have been.

The American Case...

Shortly after the formation of the Lévis caisse in 1900, Desjardins' work became known in New England, carried south through the strong ties then existing between Québec and the region's expanding French-Canadian population. On 24 November 1909 Desjardins presided over the foundation of St. Mary's Co-operative



Edward Filene, Roy Bergengre and Caude Orchard, arguably the three most important early leaders in the American credit union movement. Courtesy of The Bridge.

Association in the parish of Sainte-Marie de Manchester in New Hampshire. It had been established – before there was a state law to regulate it – through the efforts of Father Pierre Harvey who was much influenced by Desjardins' work.²¹

The early centre for the emergent movement in the United States, however, was Boston.

In addition to its celebrated university

20 Poulin, *Histoire du Mouvement Desjardins, Tome 1*, p. 271.

21 Moody and Fite, *The Credit Union Movement*, p.29.

world, Boston contained a socially concerned legal and business leadership group that included a remarkable diversity of old Boston “Brahmins,” many of them among the intellectual elite of the United States. Its economic and social life was enriched by a large, dynamic Irish population, other spirited, recently arrived immigrant communities, a tempestuous political culture, and a strong, emerging working class. It was a city experiencing rapid growth and wrestling with all the problems associated with early twentieth century urbanisation. Amid this turmoil and the associated social unrest, a coterie of civic leaders became determined to address the economic problems and social evils of their community.

One of them was Edward A. Filene, scion of a merchant family, owners of a prominent store that catered primarily to the needs of working class people. A remarkable person, he was injured as a child, never fully overcoming the limp that was its main result. An eczema sufferer and something of a recluse as a child and an adolescent, he would always be somewhat distant from his colleagues, friends and even his family. Drawing on the history of Jewish persecution his family had partly shared and aroused by the plight of the working class, he was deeply concerned about problems of “poverty, disease and social distress.”²² He studied credit issues carefully, reading many of the same authorities as Desjardins. He also travelled extensively, for example, visiting India in 1907 where he studied credit co-operatives being established by British administrators to combat usury and increase agricultural production.

With others, Filene popularized Desjardins’ work and pressured for the passage of the Massachusetts Credit Union Enabling Act in 1909. The origins of the term “credit union” are somewhat unclear. While others made claims,²³ Filene always insisted he was responsible for its adoption. Believing “credit unions” as a way “to help the just cause of labor”, he came to see them as central

22 Photocopy of letter, Pierre Jay to Alphonse Desjardins, March 3, 1909, Copp 6420 1909. Credit Union National Association Archives, Madison, Wisconsin (henceforth CUNA Archives).

23 “Credit Unions,” May 3, 1936, Filene Papers, CUNA Archives.

to his life's main work: furthering the cause of social justice by encouraging ordinary people to help themselves.²⁴ Though clearly patrician in attitude, he was, at his best, a practical friend of the working classes, and he would ultimately donate over a million dollars to help start the credit union movement in the United States.

The Massachusetts act, derived from Desjardins' work and European precedence, enabled credit unions to receive shares and deposits from members, to make loans on reasonable terms, and to undertake "other activities germane to their purpose."²⁵ Each member had one vote; loans were made by a credit committee elected by members at annual meetings; daily administration was carried out by a supervisory committee, also elected by members; directors were unpaid; and twenty per cent of annual surpluses were set aside for reserves each year.

Filene's philosophy and attitudes affected the movement in many ways. Though critical of the harmful aspects of capitalism as it was emerging, he saw credit unions and co-operatives as essentially correctors of the system not a replacement for it. He was an advocate of informed and progressive management and was most supportive of credit unions associated with the work place: for him, they were key examples of enlightened business practice. Much of his most effective work, in fact, was with his fellow "bosses", encouraging them to sponsor credit unions as a way to develop more contented and wealthier employees. Theoretically, he believed that resolving the enigma of credit was crucial to economic prosperity and social peace – Henry Ford and others had solved the problems of production. The most pressing need was to expand purchasing power and that is one of the main reasons why credit unions were important.

The American movement initially made slow progress partly because Filene and others were absorbed in other tasks during World War One. In 1920, though, Filene and others established

24 J.J. Snider, *Credit Unions in Massachusetts* (Cambridge: Harvard University Press, 1939), p. 7.

25 See Roy F. Bergengren, *Cooperative Banking: A Credit Union Book* (New York: The Macmillan Company, 1923), pp. 171-223.

the Credit Union Extension Bureau to promote credit unions across the United States, starting with the adoption of appropriate legislation on the state and then the federal level. The Bureau was managed for nearly two decades, starting in 1920 by Roy Bergengren, a war veteran of Swedish descent, a Dartmouth and Harvard graduate, a lawyer and a businessman.

Bergengren was more obviously religious than Filene, reflected in the title *Crusade*, a book on the American movement that went through several editions. It was also apparent in many of his speeches in which he referred to the credit union movement as a way of becoming one's "brother's keeper"; a way of encouraging ethical behaviour in the market place; and a way of promoting democratic practice. As the years went by, his emphasis shifted subtly to a deep concept of service to one's fellow humans, but, like Desjardins, he never lost his moral fervour.

The American movement developed its distinctive characteristics during the 1920s and 1930s, building on strong bonds of association, most commonly through the work place but also through church affiliations and ethnic loyalties. Such bonds provided reliable information on the trustworthiness of members/borrowers and helped ensure that loans would be paid: a word from a priest, a community leader or a boss to a delinquent borrower usually resulted in speedy payment on a delinquent loan. Such associations could also mean that many credit unions would have convenient premises at low cost in church offices, private homes or places of employment. The importance of such "tight" bonds was apparently confirmed in the United States during the early 1920s when several "community" credit unions in rural North Carolina failed.²⁶ Moreover, Edward Filene enthusiastically preferred what commonly became called "closed bond" credit unions, believing they were the most effective way members could know each other, thus being able to take "character" into account when granting loans.

The American movement pioneered in developing educational and training programmes for elected officials and secretary-trea-

26 M.M. Coady, "Broad Cove Parish Priest First in Credit Unionism." ASTFX.RG30-4/1/1

surers. It organized state “leagues” to provide courses and training information and, it encouraged the formation of local chapters, groupings of credit unions close enough geographically so that their officers could attend educational or training session easily. These initiatives were essential since the commanding need of the formative period was meeting the educational requirements of directors and committee members. Since most credit unions were started among people with limited formal educational and business experience, the opportunity to share experiences was very valuable. Even experienced directors contemplating or undertaking new services or expansion found value in talking with directors who were facing, or had already faced, them.

As in Québec, the Americans, heavily influenced by the views and commitments of its founding leaders, developed their own brand of co-operative banks, responding to the needs created by industrial and urban development, using the networks the found-



The staff of the Extension Department, St. Francis Xavier University in the 1950s.

ers possessed, developing their own educational system, and reflecting value systems drawn from the American experience. They created a model that would affect the development of credit unions in many countries around the world.

The English-Canadian Case...

Despite the failure of national efforts to create enabling legislation in the early twentieth century, Alphonse Desjardins had an impact outside Québec. About twenty caisses were formed in Ontario in the 1910s and 1920s and other caisses appeared in Atlantic and western Canada somewhat later. It was the American model, though, that most profoundly influenced the English-Canadian movement. Its impact began to be felt in the 1920s and 1930s, encouraged initially by George Keen and the Co-operative Union of Canada. The most dramatic and influential catalyst, however, was in St. Francis Xavier University, a Roman Catholic university in Antigonish, Nova Scotia.

Some of the religious people in the Antigonish diocese, motivated by Catholic Social Action, had become involved in economic and social issues early in the century. Stung by the criticism that the church had stood idly by as industrialization created wage slavery and fostered social disintegration, they, like Desjardins, rallied to the appeal of *Rerum Novarum*. When the young Nova Scotian priests, "Jimmy" Tompkins and Moses Coady went to study in Rome early in the twentieth century, that encyclical was a celebrated document, timely, contemplated, and discussed.

Most of the Antigonish activists came from rural areas and thus were initially most concerned about problems in agriculture and the fisheries.²⁷ They organized Diocesan Rural Conferences in the twenties to prod the church and the university to pay more attention to the region's economic and social problems. They became increasingly alarmed, however, by urban trends in industrial Cape Breton, not least by the rise of Marxism. Thus they ultimately

²⁷ For Tompkins' story, see Jim Lotz and Michael R. Welton, *Father Jimmy: Life and Times of Jimmy Tompkins* (Wreck Cove: Breton Books, 1997).

developed, with Tompkins and Coady taking the lead, a full programme for the economic and social regeneration of Atlantic Canada, starting with eastern Nova Scotia.

Tompkins was the most aggressive of the “founders”. An important leader in the emerging adult education movement in North America, he saw credit unions (and other kinds of co-ops) as a way to use education to effect social and economic change. In 1922 he found himself in the remote community on the eastern tip of the Nova Scotia mainland in Canso, a community facing acute hardship because of the collapse of the fisheries. He organized some of the residents into discussion groups to consider what might be done, in the process perfecting most of the study club techniques that would become central to the “Antigonish way”.²⁸

During the 1920s, Tompkins and Coady helped lead a regional chorus of discontent over the fisheries. Alarmed by the outburst, the provincial and federal governments decided to appoint a Royal Commission in 1928.²⁹ It toured the fisheries regions of Eastern Canada and heard over 800 representations, including one in Halifax by Coady, by then an acknowledged expert on rural life. He championed the organisation of the inshore fishers through adult education and co-operative development.³⁰

Coady’s approach had both historical antecedents and a contemporary, radical dimension. Historically, the emphasis on education echoed back to Robert Owen, the Rochdale Pioneers, the Danish Folk School Movement, and the Workers’ Educational Association. The contemporary, radical dimension was that Coady wanted to involve the university deeply in the communities it

28 *Ibid.*, pp. 78-83.

29 Michael R. Walton, *Little Mosie from the Margaree: A Biography of Moses Michael Coady* (Toronto: Thompson Educational Publishing Co., 2001) pp. 9-10 and Jim Lotz and Michael Welton, *Father Jimmy*, pp. 89-90.

30 The Carnegie Corporation (Foundation) also provided important funding for the Department’s work directly and indirectly by helping fund libraries that often became centres for its work, particularly in Eastern Nova Scotia and, later, in Prince Edward Island. Tompkins had close ties to the Carnegie leadership, notably F.P. Keppel, its director, who took a great interest in Atlantic Canada and supported Tompkins’ efforts to create a single university in the region.

served, not just as an observer of social and economic change but also as a transforming agency deeply involved in society. It was an approach gaining support among a growing band of Canadian educators.

His presentation was well received and the federal Department of Fisheries provided funding to foster the development of fishing co-operatives³¹ through Saint Francis Xavier University, which then decided to form an Extension Department.³² Coady became its first director and soon gathered a rather remarkable group around him, including Angus Bernard (A.B.) MacDonald, who by himself would organize more than 200 credit unions during the 1930s. Several resourceful women played important roles, including Kay Desjardins, who joined the Department nominally as a secretary shortly after it started, and Sisters Marie Michael and Irene Doyle, who led the programme in “Women’s Work”.³³

Like Desjardins, Coady used his personal influence to secure passage of credit union legislation in 1932, and it became the standard on which legislation in other provinces would be based. In fact, the Extension Department became one of the most powerful catalysts in the creation and development of the credit union movement throughout English-Canada and it is hard to overestimate the significant role it – and its founders – had in creating the national movement.

Under Coady, the Extension Department projected a highly moral perspective, although it tried hard not to be sectarian, given its Roman Catholic roots, in an age when religious bigotry was commonplace. It employed a Presbyterian minister and had other Protestants among its field force. It deliberately sought in its community activities to extend out beyond the parish structure, a delicate task since priests and sisters were often significantly involved on a local basis.

As a leader, Coady was appalled at the human costs of poverty, the limits on civilised life it imposed, and the pain it inflicted on

31 Welton, *Little Mosie From The Margaree*, p. 44.

32 Sister Irene Doyle, “My Experience as an Extension Worker over Fifty Years Ago,” March 8, 1993, copy in author’s possession, p. 1.

33 See Welton, *Little Mosie From The Margaree*, pp. 156-157.

families and communities. He saw co-operation as “the embodiment of charity in economics” and the best way to revitalize communities. He wanted co-operative development so that people could lead a fuller life: that they could “look into the sun and into the depths of the sea”, could “explore the hearts of flowers and the hearts of fellow men”, and could “develop their own capacities for creation.”³⁴ He provided a powerful blend of materialism and spirituality.

It was a message he and others from Antigonish repeated across Canada during the Great Depression and, indeed, ultimately it reached into the halls of the United Nations. In its expansion it took advantage of a number of networks. Many churches, not just the Roman Catholic Church, were supportive as were those then developing the field of adult education. Public servants in many provinces were also key, if quiet, supporters. The co-operative movement, however, was the most important network, notably those co-operative circles associated with the wheat pools, the United Co-operatives of Ontario, western consumer co-ops, and Maritime Co-operative Services. This close association with the co-ops helped differentiate the Canadian from the American credit union movement, largely because it reinforced a commitment to community credit unions.

The Nova Scotian “founders” were also drawn to community credit unions because of the inclusive nature of their study clubs and because of the strength of community ties throughout Atlantic Canada. Outside the larger cities, most Atlantic Canadians lived in well-established, older fishing and agricultural communities. And, even in the cities, such as in industrial Cape Breton, tightly connected neighbourhoods, based on ethnicity, class, and workplace, were the norm. Thus in the first two years of the formative stages of the Nova Scotian movement, more than half the fifteen credit unions were formed on a community basis, each with between fifteen and forty members and asset bases of under \$10,000. The commitment to community credit unions was replicated elsewhere, in the communities of the rural Prairies, on the mining

34 F.W. Walsh to J.H. Swinburne, 14 May 1934. ASTFX, RG 303/4/3639.

frontier, and in the neighbourhoods of the large cities. It was the distinguishing feature of the English-Canadian movement, a difference of profound importance in the years that lay ahead.

Concluding...

There can be no doubt that founders played pivotal roles in the development of the three movement, though there can always be debates (not reflected here) about whether leaders create movement or are products of them, especially given the grass-roots backgrounds of most co-ops. It is clear, though, that the founders of all three movements were in part successful because they were deeply enmeshed in the social and economic pressures of their time. As importantly, they were able to circulate within several classes, motivating some of the poor, inspiring many in the petit bourgeoisie, and influencing a few among the powerful. They believed ordinary people could create and operate co-operative enterprise if they had effective education and training. They were students of their cause and drew on deep understandings of similar efforts in other lands. They explained their vision in powerful moral and ethical terms that appealed to the heart as well as the mind and the stomach. They left legacies in the movements profoundly influenced, at least in their formative stages, by their ideas, actions and examples.

From the Secretary's Desk to Main Street: Change and Transition in the British Columbia Credit Union Movement 1936-1960¹

IN 1986 THE British Columbian credit union movement celebrated its fiftieth anniversary. In general, it had much to celebrate. Its total membership had reached 970,000;² its assets had grown to \$6.7 billion,³ and with the sale of the Bank of British Columbia to the Hong Kong Bank, it had become the main regionally owned financial institution. Indeed, with 286 locations owned by 131 credit unions throughout the province,⁴ it had become the most widespread financial institution in British Columbia. During the summer, it sponsored the United Nations pavilion at Expo '86 and, in the autumn, undertook significant steps in building effective technological links with other credit union systems across the country⁵ In the same year, it developed major programmes aimed at improving the effectiveness of its nearly one thousand elected officials and 3,750 employees. From a social perspective, several credit unions and many credit union leaders were involved in community economic development in different forms;⁶ Vancouver City Savings Credit Union assigned \$1 million to foster the development, on sound financial principles, of worker co-operatives and other community-based economic organisations;⁷ the same

¹ This paper was originally printed in the *Historical Papers*, The Canadian Historical Canadian Association, 1988. It is reprinted with the permission of the Canadian Historical Association.

² British Columbia Central Credit Union, *Annual Report*, 1986.

³ *Ibid.*

⁴ *Ibid.*

⁵ Because of its historic rivalries and lack of unity, the British Columbian movement had three data systems by 1986. Late in the year, negotiations were commenced to bring two of them together under the control of the Co-operators Insurance Company.

⁶ The Nanaimo and District Savings Credit Union, the Salmon Arm Credit Union, the Westminster Credit Union and, particularly, C.C.E.C. Credit Union were four credit unions with different but effective programmes in community economic development.

⁷ *Annual Report*, Vancouver City Savings Credit Union, 1986.

credit union also developed Canada's first ethically conscious mutual fund;⁸ and most credit unions were significantly involved in community charitable and social programmes.

Despite this prominent position within the contemporary British Columbian economy, the credit unions are not as conspicuous in analyses of the province's economic and social development as one might expect;⁹ nor is their role in the province's history well understood. This paper examines the first phase of credit union activism in British Columbia, the period from the movement's inception up to 1960. It argues that this period was a distinct phase in the history of British Columbian credit unions, a phase characterized by a concern for the emancipation of lower-income British Columbians¹⁰ This emphasis developed from the general philosophy of co-operative banking as it had emerged in Europe and North America, and it was encouraged by the social activism of co-operative leaders in British Columbia during the period under consideration. This "emancipatory" philosophy, aimed at freeing people from the bondage of debt and generational cycles of poverty, was transmitted throughout the province by a series of distinct, but in many instances, interrelated networks, including adult education circles, co-operative organizations, trades unions, and the Co-operative Commonwealth Federation.

From its North American beginnings in Québec as the *caisse populaire* movement, co-operative banking spread to the United States at the end of the first decade of the twentieth century. Relying heavily upon the financial support of Edward A. Filene, a wealthy Boston merchant devoted to helping men and women "live an expanding economic life,"¹¹ the American credit union movement spread rapidly throughout the United States, particu-

8 *Ibid.*

9 For example, despite the impressive size of the British Columbia movement there are no comparable studies to C. Purden, *Agents for Change: Credit Unionism in Saskatchewan* (Regina, 1980), A.E. Turner, *Forging the Alternative: A History of the Albenia Credit Union Idea* (Calgary, 1984), and R. Kenyon, *To the Credit of the People* (Toronto, 1976).

10 The term "emancipatory" is drawn from the approach to credit unions pioneered by the Co-operative Studies Programme at the University of Vienna.

11 R.F. Bergengren, *Credit Union North America* (New York, 1940), 94. For a more scholarly history, see J.C. Moody and G.C. Fite, *The Credit Union Movement, Origins and Development, 1850-1970* (Lincoln, 1971).

larly its industrial cities. In 1921, with Filene's assistance, credit union leagues in the United States organized the Credit Union National Extension Bureau in Boston under the leadership of Roy Bergengren. Over the next decade the Bureau developed a distinctive approach to credit unionism, an approach that would find its way to British Columbia during the late 1930s and 1940s. The first priority in the Bureau's approach was the development of appropriate legislation, followed by the organization of "sample" credit unions, the development of chapters on a regional basis, and the formation of leagues on a state and provincial level. To support this structure, the Bureau (which became the Credit Union National Association in 1934) established CUNA Mutual Insurance Company in 1935 and CUNA Supply Co-operative a year later. The former organization insured loans made to members by credit unions, a profitable business that provided a valuable service to the credit union movement; the Supply Co-operative provided printing services to league, chapter, and local credit unions and bulk-purchased supplies for member organizations. By the early 1940s the American credit union system was dynamic and expansionist, one of the models that would be commonly imitated in British Columbia.

Somewhat ironically, it was this American-based credit union movement rather than the Québec-based *caisse populaire* movement that sparked the formation of credit unions in English Canada. Although there were some experiments with co-operative banking during the nineteenth century and the Ontario government passed legislation to regulate credit unions in 1922, the first serious, significant interest in credit unions within English Canada emerged first in Nova Scotia during the early 1930s. This interest was stimulated by the Department of Extension of St. Francis Xavier University, and all three of its major leaders – Jimmy Tompkins, Moses Coady, and A.B. MacDonald – were early converts to the possibilities of credit unions as teachers of thrift and catalysts for local economic development. Following the passage of the provincial credit union act in 1932, the men and women of the Extension Department were largely responsible for the creation of 182

credit unions throughout the province by the end of the 1930s.¹² During the same period, they began carrying their message and organizing techniques to other provinces in Atlantic Canada and, indeed, westward to the Prairies and British Columbia.

The Antigonish approach to credit unionism had broad objectives and a distinct philosophical base. The founders and fieldworkers of the Extension Department were essentially adult educators committed to community development. As such they proposed a kind of economic populism which advocated that: (1) economic organizations could be operated essentially on democratic principles; (2) broad segments of the people could be educated to take an interest in, and could operate, economic organizations effectively and profitably; (3) capitalism, by its structure and lack of social concern, was exploitive and dictatorial; (4) the co-operative method of operating businesses and providing services was capable of nearly indefinite extension; and (5) democratic systems were the best ways to harness technological change for the common good.

Beneath this economic populism rested a strong philosophical base derived essentially from liberal Catholicism. Moses Coady, the director of the Extension Department from its formation in 1929 until his death in 1959, was its best-known advocate. The starting point for this philosophy lay in recognition of the ultimate significance of the life of individual human beings. Just as the Christian religion is concerned with the salvation of individual souls, so economic structures must be based on individual activism and self-realization. Consequently, for Coady and his supporters, economic democracy was a corollary of Christian individualism; it was only through having control over their economic lives that individual men and women could escape exploitation and achieve genuine freedom. For Coady and his followers, therefore, economic cooperation was implicit in Christianity.¹³ Moreover, the tools to achieve the goal of economic co-operation were essentially those

¹² *Ibid.*, 249.

¹³ For more complete studies of Coady's philosophy, see A.F. Laidlaw, *The Man from Margaree* (Toronto, 1971) and A.F. Laidlaw, *Campus and Community: The Global Impact of the Antigonish Movement* (Montreal, 1961).

of the preacher: exhortation, the call to service, the quest for salvation, and the concept of trusteeship.¹⁴

The Beginnings of the British Columbia Movement

This approach to credit unionism found a receptive audience among some groups in British Columbia. There had been experiments with cooperative organizations in the province as early as the 1860s.¹⁵ During the twentieth century, a sizeable marketing cooperative movement had emerged among farmers on Vancouver Island, in the Fraser Valley, in the Okanagan, and in the Peace River Country.¹⁶ Fishermen in Vancouver, on Vancouver Island, and along the coast, particularly Prince Rupert, had organized five major fishing co-operatives.¹⁷ In addition, there had been numerous cooperative stores established by farmers, miners, and industrial workers over the years; by the 1930s about twenty survived but, because of the economic problems of the Great Depression, there was widespread interest in creating more. While not all of these groups were amenable to the broad vision of economic populism and co-operative philosophy emanating from Antigonish, many were, and generally it was these groups, particularly in the consumer and fishing co-operatives, that provided much of the leadership for the early credit union movement in British Columbia.

Early interest in credit unionism in the 1930s focused on Vancouver; the Army of the Common Good was a major example of its spirit. This group was patterned on a similarly named organization in Pennsylvania, and it was influenced by the writings of Upton Sinclair, the activities of the Natural Development Association in Salt Lake City, and the Llano Colony in Louisiana.¹⁸ It was, in part, a job-creation programme and, in part, an attempt at utopia-

14 See, in particular, Laidlaw, *The Man from Margaree*, ch. 11.

15 *Victoria Colonist*, 9 July 1866.

16 See M. A. Ormsby, "Agricultural Development in British Columbia." *Agricultural History* (1945); 11-120.

17 See A. V. Hill, *Tides of Change, A Story of Fishermen's Co-operatives in British Columbia* (Vancouver, 1967).

18 See Vancouver City Archives, Common Good Co-operative Papers.

nism within an urban setting. Organized in 1932, the Army of the Common Good grew vegetables on a large farm near Ladner, cut and sold firewood, organized craftsmen and carpenters for building projects, sold handicrafts, and operated clothes-repair shops.¹⁹ While the exact membership of the Army is not known, it reportedly had fifteen hundred members by early 1933 and it may have numbered thirty-five hundred at its height in the late thirties.²⁰ In 1932 the Army organized a co-operative store in Burnaby and it was operated – as were many of the activities of the Army itself – on the basis of a labour exchange system in which members traded script representing hours of work for the Army for food from the co-op.²¹ During the mid-1930s the leaders of the Army – especially D.G. Macdonald, A. Bingham, B.S. Walton, and Arthur Wirick – envisioned a large urban collectivity, self-sufficient and co-operatively managed. Not surprisingly, therefore, the Army of the Common Good embraced credit unionism in the mid-1930s, particularly the variant espoused by the leaders from Antigonish.

Politically, the Army of the Good contained people with a wide variety of viewpoints, ranging from peaceful anarchism and communitarianism through social democracy, religious reformism and liberalism. The Army was never explicitly active in politics, but many of its members were associated with the Co-operative Commonwealth Federation. Many CCF leaders, particularly Dorothy Steeves, a member of the provincial legislature, had a strong following within the Army, and she was herself very interested in cooperative enterprise. Consequently, as the Army studied credit unions extensively during the 1930s, the CCF embraced the idea of credit unions, and in 1936 Dorothy Steeves introduced a bill, drawn largely from the Nova Scotia act, which would have allowed for the incorporation of credit unions. Because Steeves was a member of the opposition, and there was as yet relatively

19 *Ibid.*, untitled manuscript by A. Bingham.

20 Canada. National Archives, Co-operative Union of Canada Papers, vol. 158, C.G. Cooperative Association.

21 Vancouver City Archives, Common Good Co-operative Papers, untitled manuscript by A. Bingham.

little support for credit unionism in the province, her bill was not passed.

The Army, however, organized an unregistered "credit unit" to accept deposits, pay interest on them, and extend loans. The small success this organization achieved helped to popularize the idea of credit unions. Just as importantly, many British Columbians began to learn about credit unionism elsewhere. A few from British Columbia visited Antigonish;²² George Keen, general secretary of the Co-operative Union of Canada, distributed pamphlets and articles on credit unions through co-operative circles in the province; parish groups within the Catholic church organized study clubs to examine credit unions;²³ and trades unionists learned about credit unions from their brethren in the United States.

As interest in credit unions grew in British Columbia, the government was forced to act. Several enthusiasts, drawn from the Common Good Co-operative, the Cooperative Wholesale, the fishermen's cooperatives, and the Department of Extension at the University of British Columbia organized the British Columbia Credit Union Association to promote the local development of the movement. Following the pattern established in the United States and in eastern Canada by credit union promoters, the association concentrated upon securing an adequate legislative framework. Early in 1938 a committee from the association presented a rationale for the value of credit unions and a draft bill to government representatives. The government adapted this proposal to sections of several other acts, the British Columbia Society's Act, the Co-operative Association's Act, and the British Columbia Company's Act, to provide for a type of financial institution that would be associated with chambers of commerce in communities across the province. This rather ludicrous bill was promoted at public meetings of the chamber by Pitcairn Hogg, a prominent lawyer hired by the government. Representatives from the Credit Union Association attended these meetings and, after they asked pointed

22 Arthur Wirick was one of these; see *B.C. Credit Unionist* (November 1941): 7 and 12.

23 For example, see British Columbia Central Credit Union Archives for interview with J.F. Grant by M. McTiernan and J Schroeder, 8 March 1977.

questions about some inconsistent sections in the act, the tour was cancelled.²⁴

Finally, late in 1939, a credit union act, derived largely from the original submission from the association, was passed. This legislation followed in the pattern established by CUNA for the numerous acts developed for states and provinces as well as the federal act in the United States. After establishing the legal process under which credit unions could be organized, it provided for the essential democratic features of one member-one vote, the supremacy of the annual and general meetings, elected boards of directors, elected supervisory committees, and the possibility of elected credit committees. It provided for closed-bond credit unions based on work or associational relationships and for open-bond, community-based credit unions. It also set out rules governing loans, including limits on personal loans, the loan approval process, restrictions to “provident or productive” purposes, repayment rules, and the establishment of reserves.²⁵

The importance of legislation in the development of credit unions can scarcely be underestimated. Since few leaders within local credit unions had experience in operating business organizations, the legislation had to provide sufficient direction – and be adequately enforced – to ensure that accurate records were kept, that good loan policies were followed, that sufficient reserves were made to offset losses, and that sound procedures were used by the various committees. Under section 42, the provincial government – specifically the inspector of credit unions, an employee of the Department of the Attorney-General – was charged with the responsibility of undertaking an annual inspection of all credit unions. The regulations accompanying the act, along with the terms of the act itself, gave the inspector extensive powers and, under some conditions, complete control over credit unions. The inspector, for example, had the right to suspend those credit unions which did not provide him with required information or

24 Ibid., interview with Gordon Holtby by J. Schroeder and M. McTiernan, 20 September 1977.

25 For a detailed, generalized summary of the legal theories on which credit union acts rested in the 1930s, see R.F. Bergengren, *Credit Union North America*, chs. 5 and 6.

were operating in a frivolous manner. Credit unions in difficulty were required to submit extensive reports and had to have all major decisions approved by the inspector's office. In such cases, the inspector could stop further deposits, restrict loans, or limit interest payments. In short, the legislation made the inspector the policeman and the deposit protector for the province's credit union system.

Once passed, the legislation and its accompanying regulations made possible the rapid organization of credit unions throughout the province. The first credit union to be incorporated was in Powell River, the result of efforts by the town's Catholic priest and trades unionists in the local mill.²⁶ By the end of World War Two, 139 credit unions, with nineteen thousand members and \$1,767,000 in assets, had been organized.²⁷ Several different networks were utilized in developing these credit unions. About one-third of the credit unions formed in this period were closed-bond, employee based credit unions,²⁸ with the largest grouping of these being among government employees at all levels, federal, provincial, and municipal. Credit unions were also organized by employees in various manufacturing firms, including workers in the electric, pipefitting, railway, neon, furniture and farm supply industries. Approximately twenty credit unions were organized by religious and national ethnic groups including Germans, Danes, and French-Canadians – most commonly, within Roman Catholic parishes. These “closed-bond” credit unions were almost inevitably successful, because most had known, established salary bases, and all could exert significant social pressures upon delinquent borrowers.

From a marketing perspective, the success quickly achieved by credit unions is explained by the fact that they serviced a cli-

26 British Columbia Central Credit Union Archives, interview with A.R. Glen by M. McTiernan, 23 January 1978.

27 Statistics provided by the Economics Department, British Columbia Central Credit Union.

28 It is impossible to be as precise as one would like to be about the number of the various types of credit unions that were formed because the records of the superintendent's office consulted for this paper do not always clearly indicate the basis for the “closed bond.”

entele – the low-income saver and borrower – rarely well served by banks, trust companies, and finance companies. Moreover, in addition to the informal networks – trade unions, farm groups, co-operative circles, and public servants – that had helped forge the early growth of the movement, there were four supporting institutional frameworks which provided significant assistance to emerging (or established but troubled) credit unions during World War Two and, more particularly, afterwards.²⁹ The first of these was the Extension Department of the University of British Columbia. In 1937 a delegation of leaders from the province's fishing co-operatives had approached the university for assistance. Under the leadership of Gordon Shrum, then the acting Director of Extension, the university was successful in securing a series of grants from the federal Department of Fisheries allowed it to operate several courses on co-operative and co-operative-related issues in many British Columbian communities in 1939 and during most years in the 1940s.³⁰ In January of 1939, the university brought J.D. Nelson MacDonald, a fieldworker from St. Francis Xavier University and a Protestant minister, to Vancouver to offer a short course on co-operatives, including credit unions.³¹ In the 1939-40 academic year, the Extension Department invited two other Antigonish fieldworkers, A.S. McIntyre, a former miner and trade union leader, and Norman MacKenzie, another Protestant minister, to develop co-operatives, particularly among fishermen. Largely as a result of their efforts, credit unions were started among fishermen in Vancouver, on Vancouver Island, and along the coast, particularly in Prince Rupert. Subsequently, the Extension Department continued to offer courses specifically on co-operatives and, indirectly, courses that were useful to cooperative leaders on such topics as bookkeeping, running meetings, and sociological issues. A series of individuals, including Breen Melvin and John K. Friesen, were associated with these activities, particu-

29 During World War Two travel was difficult and expensive. This meant that the three support groups could not carry out the tasks they were able to undertake after the war.

30 See G.M. Shrum, "Among Canada's West Coast Fishermen," *Journal of Adult Education* (October 1940): 2-3.

31 See J.D.N. MacDonald, *Memoirs of an Unorthodox Clergyman* (Truro, 1986). 67-70.

larly in the late 1940s and throughout the 1950s, when the ties with the credit union movement remained strong. This association was significant not only in Vancouver, but in other parts of the province as well, because in those years the university's Extension Department embraced a wide mandate which took its fieldworkers into the interior and into northern communities.³²

The second key institutional support was the British Columbia Credit Union League, created in 1940 when the B.C. Credit Union Association was accepted as a member of the Credit Union National Association in Madison, Wisconsin. As they were formed, nearly all the credit unions in the province joined the league, which soon became recognized as the organization that spoke for the provincial movement. The league was structured in the same way as leagues in other Canadian provinces and in American states. It published its own magazine (in this case called the *B. C. Credit Unionist*), which provided advice to directors and committee members, reported on happenings at CUNA and within other leagues, and commented on developments within the provincial movement. The league also ran a large convention that was held at different locations each year and was devoted to key issues and a series of educational workshops. In addition, it fostered chapters in regions to bring together groups of credit union leaders, usually from about twenty credit unions, to discuss common problems and to learn from each other's experiences.

In 1943 the league leadership organized a central credit union despite the objections of the inspector, who believed that the movement was too immature to sustain a central financial organization.³³ "The Central" was patterned on a similar Saskatchewan body, the Saskatchewan Co-operative Credit Society. Its main purpose was to take surplus deposits from member credit unions and to lend them out to credit unions in need of funds. While achieving this objective might have seemed easy when the Central was formed, it did not prove to be so. One reason for the Central's

32 Interview with John K. Friesen by Ian MacPherson, 29 October 1985, and interview with K. Harding by Ian MacPherson, 8 August 1986; both are in the author's possession.

33 British Columbia Central Credit Union Archives, interview with Gordon Holtby by J. Schroeder and M. McTiernan, 20 September 1977.

early problems was that credit unions located outside the Lower Mainland did not find it easy to deal with the Central; another was that the Central had difficulty accumulating sufficient funds to operate a continuous business. The second main area of activity was developing a way in which the Central could operate a cheque-clearing system for the province's credit unions. As local credit unions were developed, including the Central, they made arrangements to deposit and move their cash through the chartered banks. Consequently, credit unions used several banks in their financial structure, a complex picture that was not simplified until 1951. In that year the Central was able to negotiate a secondary cheque-clearing arrangement with the Bank of Commerce which allowed members of credit unions to disburse their funds through "negotiable instruments" recognized at all banks.³⁴

The last institutional guides for the British Columbia credit unions in the early years were the two organizations associated with CUNA in the United States. During the early 1940s several local credit unions leaders attended league meetings in Washington and Oregon, and some began to attend the national CUNA conventions.³⁵ In 1943 organizers from the Oregon movement started to come north to assist in the formation of credit unions in British Columbia.³⁶ Largely because of these contacts, CUNA Mutual, with its programme of insuring member loans, became widely supported among the province's credit unions. Similarly, CUNA Supply Co-operative gained a wide measure of support for its sale of business forms, deposit slips, statements, and membership forms. While it is not now possible to document the support that CUNA's companies received, it would appear that the two companies earned their strongest support among closed-bond, employee-based credit unions, generally the kind of credit unions that tended most strongly to support the CUNA connection elsewhere.

34 *Ibid.*, interview with J. "Rip" Robinson by J. Schroeder and M. McTiernan, 2 June 1976.

35 See *B.C. Credit Unionist* (June 1942): 4.

36 British Columbia Central Credit Union Archives, interview with A.R. Glen by Miriam McTiernan, 23 January 1978.

The Issue of Cooperativism

Almost from the beginning, the British Columbia movement was divided into two camps. One tended toward the ultimately majoritarian, conservative wing of the American credit union movement, while the other was oriented toward an emerging more nationalistic, more reformist Canadian movements. The picture is made complex because neither the American nor the Canadian movements was monolithic and clearly defined issues were often lost amid the personality clashes which beset both national movements during the 1940s and 1950s. The first split of this type occurred in the United States as Roy Bergengren's career drew to a close during the early 1940s. Never a particularly efficient manager, Bergengren, as head of CUNA, came under attack from the leaders of CUNA Mutual for his inefficiencies. Perhaps just as importantly, the CUNA Mutual leaders, especially Thomas Doig, were concerned about Bergengren's deeply felt support for all kinds of co-operatives and his general reformist sympathies.³⁷ Many American credit unionists linked co-operatives – at least in their socially active formulations – with American co-operatives in Minnesota run by Marxists, social democrats, and left-wing liberals.³⁸ Consequently, they eschewed cooperative activism and believed credit unions were no more and no less than a particular kind of bank. It was an issue that divided the American movement for years, but in the course of the 1940s and 1950s the conservative perspective came to dominate, on occasion even overwhelm, the reformist wing.³⁹

In British Columbia, as in other Canadian provinces, a similar debate continued throughout the 1940s and 1950s, and it manifested itself in several different ways. The Common Good Co-operative spawned many of the leaders who dominated the provincial movement in the two decades, including Gordon Holtby, Charles

37 For a fuller discussion of this controversy see J.C. Moody and G.C. Fite, *The Credit Union Movement*.

38 British Columbia Central Archives, interview with A.R. Glen by M. McTiernan, 23 January 1978.

39 See J.C. Moody and G.C. Fite, *The Credit Union Movement* for a fuller discussion of the issues.

Darling, Wes Darling, and D. G. MacDonald. Because of their association with diverse co-operatives and their involvement in community economic development, these leaders were committed to the idea that credit unions should be the financial hub for a broad co-operative movement embracing consumer, producer, manufacturing, and housing co-operatives. They were encouraged in these ideas by most of the early representatives from Antigonish, particularly A.S. McIntyre and Norman McKenzie. Similarly, the literature which came westward from Antigonish reinforced this approach, as did A.B. MacDonald on his western tours after he became general secretary of the Co-operative Union of Canada in 1944. Consequently, a new generation of credit union leaders began to emerge by the late forties committed to the “big picture” of credit unions as the linch pin in a co-operative reformation of society. Included in this generation were Farley Dickinson, R. “Rip” Robinson, George Viereck, and A. “Rod” Glen, all key individuals in forcing the pace of change in British Columbia credit unions for several decades. The first issue that divided the “co-operativists” from the pragmatists was the creation of the Central. This was largely a project embraced by the former group, which saw it as a multipurpose organization that would include co-operatives and would be involved in lending to co-operatives. This approach was not welcomed by CUNA and its local supporters.⁴⁰ The Central was nevertheless organized, and it did contain co-operative members although it did not immediately have the funds to loan to them. Within three years, however, it was lending to the Fishermen’s Co-operative Federation, a relationship that greatly benefitted the Central, particularly during its early, rather difficult, years when funds were scarce. Indeed, the Central might not have survived without the federation’s business.⁴¹

The second provincial issue which created tensions within the movement occurred at the 1946 Powell River League convention.

40 Interview with A.R. Glen by Ian MacPherson, 27 August 1979; this is also in the author’s possession.

41 Interview with K. Harding by Ian MacPherson, 8 August 1985; British Columbia Central Credit Union Archives, interview with J. “Rip” Robinson by J.K. Schroeder and M. McTiernan. 2 June 1976.

Health insurance was a major issue of the day, brought to the fore by the efforts of the Saskatchewan CCF government to find a way to ensure minimum health care for everyone. A number of co-operative and credit union leaders wanted to establish a private insurance programme – the government was not interested in a state-financed approach – to insure adequate health care on a co-operatively based, service-at-cost, approach. The result was the formation of C.U. and C. Health Services, an innovative and almost immediately successful health insurance programme. Its creation, however, further intensified the divisions between the co-operativists, who saw it as just one more step along the road to a fully co-operative economic system, and the pragmatists, who viewed it as a diversion from the essential purposes of credit unions.⁴²

The most divisive issues, however, came to British Columbia from the other Canadian provinces. During the late 1940s and early 1950s, groups of co-operative and credit union leaders in Saskatchewan and Nova Scotia, and to a lesser extent in Manitoba and Ontario, envisioned the creation of a united national financial system for English-Canadian co-operatives. Many of them, such as A.B. MacDonald, A.F. Laidlaw, H.A. “Red” Crofford, “Harry” Fowler, and Ralph Staples, wanted to organize national, or at least regional, life insurance, general insurance, trust and credit union companies owned on a national co-operative basis or by co-operative organizations.⁴³ This approach was much resisted by supporters of CUNA, including J.D. Nelson MacDonald in Nova Scotia, Gordon South in Ontario, and Al Nicholas and Jack Burns, both from British Columbia.⁴⁴ Nevertheless, despite the opposition, Co-operative life insurance Company, Co-operative Fire and Casualty Insurance Company and Co-operative Trust Company were created and expanded between 1946 and 1952. Significantly, though, in

42 *Ibid.* interview with Gordon Holtby, by J. Schroeder and M. McTiernan, 20 September 1977.

43 For descriptions of these developments see three books by I. MacPherson, *The Story of C.I.S.* (Regina, 1974), *A History of the First 25 Years of the Co-operative Trust Company of Canada* (Saskatoon, 1976), and *Building and Protecting the Co-operative Movement: A Brief History of the Co-operative Union of Canada* (Ottawa, 1984).

44 British Columbia Credit Union Archives, interview with R. “Rip” Robinson by J. Schroeder and M. McTiernan, 2 June 1976.

British Columbia support came from Prince Rupert's Fishermen Co-operative, B.C. Co-operative Wholesale Society, local co-operatives and some credit unions; it did not come (except indirectly) from the League and the B.C. Central Credit Union.

The "CUNA Debate" was not resolved during the 1940s. In fact, as McCarthyism aroused Americans generally to communist threats, real and imagined, some CUNA leaders became increasingly suspicious of the left wing of the British Columbia credit union movement. Most of their concerns came to focus on A. "Rod" Glen, the dynamic co-operative leader from Nanaimo. First introduced to the credit union/co-operative movement while in Powell River when its credit union was being formed in the late 1930s, Glen became almost instantaneously a key credit union leader in Nanaimo when he moved there in 1948. Serving first on that community's credit union board, he became its president in 1950.⁴⁵ A powerful orator, an effective politician, and a dreamer, Glen was convinced that a "co-operative commonwealth" could be built on earth. He was elected to the board of the B.C. Credit Union League in 1951, and he was arguably the most effective supporter on the board for the broad approach to cooperative/credit union development.

Glen became involved directly in national and international issues in 1954 when he attended a meeting of provincial credit union leaders in Winnipeg. There, he and his fellow representative from British Columbia were virtually ostracized because they had come from a recent BC credit union convention that had passed a motion in favour of Canadian trade with mainland China, an action that had antagonized the fiercely anticommunist CUNA leadership. During the next year, Glen, who had been elected as the province's representative to the CUNA annual meeting, found that he would not be able to cross the border because of supposed radical connections (Glen was and had been a strong supporter of the Co-operative Commonwealth Federation, and was rumoured to become a candidate in the next provincial election).⁴⁶ In fact, Glen had been investigated by two RCMP officers, as had several

45 Autobiography of A.R. Glen, in the author's possession.

46 Interview with A.R. Glen by Ian MacPherson, 27 August 1979.

other members of the league board, presumably at the instigation of Canadian supporters of CUNA or perhaps indirectly by CUNA itself.

Glen ultimately did manage to enter the United States in time for the convention, but he did not take with him a high regard for the American leadership. He walked into a storm. CUNA Mutual, just as it had done a few years earlier with Roy Bergengren, was challenging Tom Doig, managing director of CUNA, charging him with poor business practice and lax leadership. Doig was spared a public embarrassment because he shortly thereafter found out he was suffering from terminal cancer, but the struggle did not end.⁴⁷ Glen became identified with the anti-CUNA Mutual group at the convention and, as a result, representatives from the company, whenever they visited British Columbia, lobbied local credit unions to replace Glen and other “leftists” on the league board. In fact, the CUNA relationship became the cause of several bitter feuds that badly disrupted the BC movement during the 1950s, particularly in the later years of the decade.⁴⁸

Because of their decision, Glen became one of the Canadian leaders most determined to develop an independent national credit union system. In 1957 he was largely responsible for the writing of the “Winnipeg Declaration,” a document that emerged from a meeting of credit union leaders in that city. It called for the creation of a national organization which would speak for the Canadian co-operative movement. The intent was to create a Canadian “CUNA,” a national league that would complement the national financial body for credit unions, the Canadian Co-operative Credit Society, which had been formed in 1953.⁴⁹ One year later, the National Association of Canadian Credit Unions (NACCU) was fanned.

NACCU never fulfilled the high-profile role Glen and others envisioned for it, but symbolically it was the culmination of the

47 British Columbia Central Credit Union Archives, interview with A.R. Glen by M. McTiernan, 23 January 1978.

48 Interview with A.R. Glen by Ian MacPherson, 27 August 1979.

49 See C. Purden, *Agents for Change*, 116-17 and passim for the best (albeit very brief) account of the formation of the Canadian Co-operative Credit Society.

struggles waged by the nationalist, co-operatively oriented wing of the BC movement. This wing had played a crucial role in the establishment of the movement in the province, and had maintained considerable strength throughout the forties and fifties as, indeed, it would for the next two decades. It was a resourceful group, committed to populist economics, steeped in the philosophy best defined by the Antigonish movement, and committed to malung credit unions something more than an alternative bank. In the emancipatory phase the members of the group, particularly the Darlings, “Rod” Glen, George Veireck, and D.G. Macdonald, played significant roles.

The Problems of Running a Business

In order to emancipate the common man – and woman – credit unions had also to function as effective businesses. Between 1945 and 1958 the credit union movement grew rapidly (see Table 1).

Two reasons largely explain this growth: organizing a credit union was regarded as a right and, therefore, incorporation was relatively easy; and American precedent had indicated that even very small credit unions could survive profitably. Indeed, CUNA and its associated companies promoted new credit unions whenever and wherever possible. CUNA established a Founders’ Club for those individuals who successfully organized credit unions, and membership was regarded as a high honour.⁵⁰ Moreover, enthusiasm for credit unions developed rapidly throughout the province through the various networks – social, economic, and political – that had helped create the provincial movement in the first place.

The rapid increase in the number of credit unions placed considerable pressure on the inspector’s office. Annual investigations of the credit unions became a major, time-consuming task for Tom Switzer, who was the inspector between 1945 and 1960, and his staff. Inspection meant an annual visitation to each credit union, a physical review of the books, at least a “spot-check” of

50 Interview with A.R. Glen by M. McTiernan, 23 January 1978.

<i>Year</i>	<i>Credit Unions</i>	<i>Membership</i>	<i>Total Assets</i>
1945	139	19,027	\$1,676,412
1946	139	19,027	1,416,764
1947	141	30,296	4,116,845
1948	158	37,667	7,045,334
1949	169	44,827	10,092,892
1950	182	52,805	12,767,043
1951	195	61,863	16,345,355
1952	212	73,809	22,209,921
1953	238	87,347	27,697,064
1954	259	106,669	33,903,865
1955	290	125,425	40,546,124
1956	308	140,339	50,849,052
1957	321	161,596	62,413,138
1958	318	180,434	78,986,303
1959	326	193,663	94,875,066
1960	326	205,380	107,120,145

Table 1: Growth of the Credit Union Movement

Source: Economics Department, B.C. Central Credit Union

some loans, an analysis of loan procedures, and an evaluation of the functioning of the board of directors and the key committees. Many of the reports carried out in those years – and apparently all the reports from the later years – have survived and they provide a useful insight into some of the business problems credit unions were encountering.

Several basic changes were happening to credit unions in those years. While most credit unions remained voluntary organizations with management provided on an unpaid basis by directors and committee members, many (the exact number cannot be determined) began to hire staff on a part-time basis. Similarly, while many credit unions continued to operate from company offices, church basements, and private homes – in effect, the secretary's desk, wherever it might be – some were beginning to move into separate facilities. As the years passed, too, credit unions, operating through banks and, increasingly, the B.C. Central Credit Union,

began to utilize the equivalent of cheque-clearing services and to undertake term investments, either in banks or in the BC Central. All of these activities placed new demands on credit unions, particularly their boards and committee members. The extent of the problems created by these changes is revealed, at least in part, by the superintendent's records.⁵¹

Based on a review of 1,150 annual inspections of 130 credit unions over a fifteen year period, the most common problem, not surprisingly, was in the loan-making process. The problems in lending are suggested in the following chart:

<i>Problem</i>	<i>Number of Cases</i>
Inadequate security	297
Loans approved without committee approval	237
Loans without notes	205
Inadequate loan applications	143
Faulty loan procedures	105
Unregistered mortgages	40

One important factor in understanding these problems in lending is that many credit unions, particularly the smaller ones, made loans entirely on the basis of character, not net worth. In fact, it was precisely that ethos that helped to make credit unions popular in the early years,⁵² that the system worked is attested to by the fact that the credit union system prospered and no one lost his or her deposits. One problem was the fact that lending was done essentially by volunteers even in many of the larger credit unions

51 One must be cautious about reading too much into the inspector's reports. Obviously much depended on the competence and biases of the inspectors. There is some indication that inspectors were particularly harsh on some credit unions and, even in the early years, there was always debate over what the inspectors should examine. Nevertheless, there were patterns in what the inspectors reviewed and some consistency in what they reported. While not complete, the reports offer the best insight into how credit unions operated.

52 The early issues of the *B. C. Credit Unionist* repeatedly emphasized that need and character were the key criteria on which credit unions should lend; ability to pay was assumed if need was great enough and the borrower's character was held in high repute by the people who knew him or her.

before 1960. Despite the educational efforts of the league, CUNA representatives, and the inspector's office, many volunteers did not learn how to carry out the written requirements of lending well, even though their judgement of borrowers was frequently excellent.

The inspector's office was nevertheless harsh on evaluating the work of volunteers, as indeed it should have been. Of the 1,150 inspections examined, the volunteers were found to be delinquent in the following areas:

<i>Weakness</i>	<i>Numbers</i>
Unsigned documents	346
Supervisory Committee's work unsatisfactory	133
No Supervisory Committee minutes	106
Inadequate Board minutes	102

While some of these cases were probably not as serious as one might expect, the number of cases reported suggests that volunteers in several credit unions were having difficulty in keeping abreast of the documentation and procedural requirements that were viewed as their responsibilities.

The inspector's office also explored a number of structural problems within the credit unions. Again, probably because of the reliance on volunteers, 407 of the inspections revealed problems with balancing, most of them apparently minor. Another sixty-six cited problems with concentrated lending to a few members, a problem that appears to have been more serious among community credit unions. There were 130 cases of loan delinquency beyond 10 per cent of assets, a point which allowed the inspector to intervene more directly in the credit union's affairs. In practice, the inspector exercised judgement in these cases depending upon the situation and the extent by which the 10 per cent figure was exceeded. By the late 1950s, however, the number of credit unions closely controlled by the inspector varied between twenty and thirty, a rather large number, which suggested a major problem to both the inspector's officers and the more conservative leadership.

In addition to these more general problems, credit unions encountered some specific difficulties. Conflicts between boards and the secretary-treasurer (as the manager was usually called) created trying situations, particularly if he or she borrowed from the credit union.⁵³ Other credit unions, sometimes with encouragement from the inspector's office, embarked on building programmes that proved to be too expensive.⁵⁴ A few credit unions became involved with loans to co-operatives,⁵⁵ some of which proved to be difficult but none of them crippling.⁵⁶ In fact, there is no evidence in the records that any of the credit unions lost money on their loans to other types of co-operatives. A more common problem was in auditing the books, and by the middle of the 1950s the inspector was recommending that all credit unions with assets exceeding \$100,000 should hire professional auditors rather than rely on volunteers and the annual inspection.

In 1958 one other major problem was encountered. In January of that year, the Britannia Mining and Smelting Company ended its operations at Britannia Beach. The employer-based credit union associated with that company was consequently forced into liquidation with liabilities of \$50,000. The province's credit unions banded together and subscribed sufficient funds so that no one lost on his or her deposits, but the experience was a sobering one for the movement. Consequently, within a year the provincial movement lobbied the government to pass an act incorporating the Credit Union Reserve Board, a quasi-government body which would collect dues from credit unions. The dues in turn would be used to insure completely all deposits within the credit union system.

53 See British Columbia. Provincial Archives, Records of the Superintendent of Credit Unions, file 106, Fort Nelson Credit Union; file 85, Duncan and District Credit Union, and file 6, Alberni District Credit Union.

54 *Ibid.*

55 *Ibid.*, File 160, Langley Employees Credit Union; file 174, Mount Pleasant Branch 197 Savings Credit Union; file 200, Otter District Credit Union; file 28, Bella Coola Valley Credit Union; file 111, Armstrong and Spallumcheen Credit Union; and file 267, South Burnaby Credit Union.

56 The co-operative loans which apparently created the most difficulty for a credit union were with the Otter District and with the Armstrong and Spallumcheen credit unions

A year later, a new Credit Union Act was passed substantially enhancing the role of the inspector.⁵⁷ His ability to suspend the operations of any credit union was increased, and he could order credit unions to employ auditors. The Act also outlined in great detail the general responsibilities of directors, boards of directors, credit committees, and supervisory committees, and it placed specific demands on credit unions as to liquidity, lending practices, and equity policy. In short, the Act was an attempt to make credit unions much more effective as businesses, more responsible to government for their operations.

Conclusions

By 1960 the British Columbia credit union movement was coming to the end of its emancipatory phase. It had to a large extent been founded on the ideas of economic populism pioneered in the Antigonish movement and transported to the west coast. As it developed, it absorbed many of the organizational techniques and some of the conservatism that gradually dominated the American credit union movement. These two sources for the movement did not meld easily, thereby creating one of the divisions that would long divide British Columbia credit unions even after 1960.

The quest for business efficiency was also an inevitable consequence of the interest in a widespread emancipation of "ordinary people" from the bondage of limited, costly credit and the handicap of poor saving habits. Credit unions soon found themselves confronted by the limitations imposed by sound banking practice and could no longer base their operations only on judgements of good character. To resolve these problems, the movement had only two alternatives: strive for greater effectiveness through voluntary organizations like the league, the Central and the Credit Union Reserve Board or acquiesce in greater government regulation through the inspector's office. That issue would long remain as a fundamental choice for the British Columbia movement. Even though the next phase in credit union development – which

57 Statutes of British Columbia, 1961, c. 14.

would see a steady dwindling of the numbers of credit unions, the growth of some very large credit unions, and the transfer of considerable power to managers – might appear to be substantially different, the key issues were not: the provinces' credit unions did not quickly escape the concerns and preoccupations of their formative period.

The Canadian Co-operative Credit Union Movement: Trends and Dilemmas¹

CO-OPERATIVE BANKING BEGAN in Canada in 1900 when Alphonse Desjardins and his wife, Dorimène, with the help of the local priest and others in the community opened the first *caisse populaire* in Lévis, a small community across the St. Lawrence River from Québec city. Desjardins had read extensively about community-based co-operative banking in Europe and he had corresponded with several of the co-operative banking leaders of the day, most particularly Henry W. Wolff. Consequently, the Lévis *caisse*, was a hybrid, borrowing aspects from Italy, such as Luzatti's limited liability system, and others from Germany co-operative banks: for example, their committee structure and from Frederick Raiffeisen a deep moral fervour around issues of thrift and "prudent" purpose.

The movement Desjardins gathered steam steadily in the first twenty years of the twentieth century. Desjardins became nationally known in Canada as the leading expert in the field of co-operative banking, and a few *caisses* were started in Ontario and even in western Canada. Desjardins' greatest immediate impact, however, was in New England in the United States. As many as 400,000 Québécois had migrated to that region, fleeing overcrowded areas in Québec in search of jobs in the textile mills of North-eastern United States. Desjardins helped establish the first *caisse* in the region in 1909 and news about its development was of great interest to a group of socially conscious citizens in Boston, among whom was Edward Filene, a member of a prominent and very successful merchant family in the city.

Concerned about the social cleavages and the economic disparities in the world at that time, Filene had gone on a world tour in 1906-07 to better understand the major issues of his

¹ Paper prepared for the Norinchukin Research Institute, Central Co-operative Bank for Agricultural, Forestry and Fisheries, Japan. October, 2004.

time and to study effective solutions – or, at least, partial solutions – to them. On his tour, which also included a lengthy stay in Japan, he reviewed the work being done in Madras on co-operative banks patterned after those started by Raiffeisen. He was very impressed and, when he returned to the United States was determined to work with others to foster their development as a way for “ordinary people” to have access to savings and credit institutions that would offer reasonable rates and would encourage thrift, self-help and self-responsibility. Following a rather slow start, credit unions, as the American founders called their co-operative banks, grew steadily after the formation of promotional organisation, Credit Union National Association (CUNA) in 1920. Financed largely through donations from Filene, CUNA, managed by Roy Bergengren, who became a celebrated credit union leader throughout Canada as well as the United States.

While there were some contacts between Desjardins, his successors and English-speaking Canadians, the inspiration for the Anglophone movement came largely from the American experience in the 1930s. Internally, it was driven by a series of religious, co-operative, and agrarian networks. The most prominent of the leadership groups within the Canadian movement were located in Eastern Nova Scotia, in the Extension Department of St. Francis Xavier University. Headed by a remarkable inspirational leader, the priest Moses Coady and by a very effective organizer, A.B. Macdonald, the credit union movement spread quickly throughout much of Atlantic Canada during the Great Depression of the 1930s. During the 1940s and 1950s the movement spread to all the other provinces as well and the movement successfully navigated through its formative and stabilizing periods.

Thus, broadly speaking there are three *caisse populaire*/credit union movements in North America, all intertwined to some extent and all reflecting common roots but also retaining different patterns of organisation and somewhat different institutional cultures. This paper concentrates on some of the trends and dilemmas of the two Canadian movements.

Most obviously, the two Canadian movements are divided to some extent by language and culture. The *mouvement Desjardins*

has been essentially a movement among, and for, Francophone people. It has become the financial heart of the province of Québec, a vitally important agent for economic development and for the upward economic mobility of a large segment of the Québec population. It became a proud manifestation of the growing economic power of Francophones as they displaced the dominant roles of English-speaking business and professional groups from the 1920s onward. More important, however, has been the tough-minded and effective business leadership of the movement, beginning with Cyril Vaillancourt in the 1930s. Although not without reactions and some cost in its movement solidarity, the mouvement Desjardins underwent a process of centralization from the thirties onward, as it struggled with some financial problems and responded to Vaillancourt's predilection for strengthening the central organisations. The result was a strong confederation of caisses populaires, with regional federations and a powerful provincial central organisation, one that could impose considerable discipline on the system, undertake common initiatives (for example, in insurance and trust services), develop new technological support systems, and provide co-ordinated leadership.

The English-Canadian approach, partly in imitation of American precedence, even more a reaction to socio-economic realities across Canada, was different. The organizing agencies for credit unions in English-Canada were much weaker than either of their counterparts in Québec or the United States. Moreover, they were divided among eight (ultimately nine) provinces, each unique to itself and, for many years, having varying legislative approaches to co-operative banking. Most importantly, local credit unions, though often encouraged by "outside" organizers, were primarily the result of local people getting together to meet their common (and sometime social) needs. They were typically proudly independent of each other, meaning that it was invariably challenging to develop effective provincial, let alone national, organisations. They developed a range of organisations on the usual co-operative basis of one organisation/one vote but had to resort to complex alliances with other kinds of co-operatives to develop insurance and trust services. They were soon preoccupied with differential

growth among credit unions as some, because of their location or particularly effective and aggressive management, grew more rapidly than others; by the 1970s the differences in size, complexity and structures could be quite considerable. Moreover, the differential rates of growth, the demands of technology, the varying managerial capacity, and shifts in the kinds of people elected to credit union positions, all meant very different kind of institutional cultures emerged within credit unions as opposed to the greater solidarity of the mouvement Desjardins.

A key aspect of the developing Canadian movements was that they had many local organisations with strong attachments to geographic communities. Within Québec, the usual organisational framework was the Roman Catholic parish. A devout Catholic, Desjardins had strong connections to the church and developed a valuable network embracing both clergy and lay people. For its part, the church, following the social action ushered in by the papal encyclical *Rerum Novarum* in 1891, was seeking for ways to respond to the social and economic ills of the new industrialism and rural poverty. Along with the traditional elites, it was also struggling to retain its leadership role in the province undergoing rapid change.

This emphasis on the parish and the concern about the issues of the day meant that the mouvement Desjardins had ingrained within it more than merely “banking” commitments. Desjardins, in particular, had very strong moral and religious commitment and, as the *fondateur*, placed his stamp on the movement for a generation. For him and some others, the caisses were part of a broader co-operative movement, which, in the early twentieth century was particularly evident in rural Québec, especially among dairy producers who were seeking lower input costs and more marketing clout.

In English-Canada, the community dimension of credit unions was also important, in some ways even more important. Some credit unions had followed the predominant American pattern and had been organized around the work place, among ethnic groups, and within churches: they were what became known as “closed bond” credit unions. Many, however, were community-based

credit unions associated with urban neighbourhoods or with villages and small towns in the fishing, forestry and mining districts of Canada. This kind of association, by its nature, was less “tight” and more flexible; it created different dynamics concerning lending and accountability. It could also encourage credit unions to look outside their cadre of core members and to engage more easily in lending to small business. Nearby credit unions could become rivals as they spread out of their neighbourhoods, and there were several highly competitive situations in many communities across English-Canada from the 1950s onward. In time, mergers and amalgamation would partly offset this type of competition, usually on a voluntary basis, sometimes forced by governments or central credit union organisations.

In their earlier stages, the two Canadian movements expanded steadily by reaching out to people on low income typically ignored by the mainstream banks and arguably overcharged by other financial organisations, such as finance companies. The movements, too, were innovators: for example, in their hours of opening, flexible repayment programmes, and innovative mortgage lending practices. They were important agencies in financing the emerging middle class that became such a prominent feature of Canadian life in the last half of the twentieth century. This capacity to serve and to grow with the middle class meant that they became less the carriers of the class perspectives of workers, farmers, and fishers and more reflective of the attitudes of well salaried workers, professionals, and small business people. This change in affinity was particularly noticeable within management and among elected leaders.

By the 1980s the two movements had become important parts of the daily life, regional consciousness, and financial industries of Canada. Together, they had over \$100 billions in assets; more than 60% of the population of Québec were members of caisses, and the percentage in the province of Saskatchewan was only a little lower. The British Columbian movement had developed the several large, multi-branch credit unions that were becoming one of its most distinguishing features. In Alberta, Manitoba, and parts of the Atlantic Provinces, there were substantial pockets of strength,

originally in small communities but increasingly in the large cities as well. The Ontario movement was in some ways the most untypical: more than any other province, it had followed American precedence and had encouraged the development of closed bond credit unions among employee groups and within churches and ethnic communities. The result was that there were nearly 1,600 credit unions in the province, about one-half of the national total, although they had less than 20% of the country's credit union assets.

The 1980s, though, were difficult times for many credit unions, even though membership and asset numbers continued to grow. From the later 1970s onward, interest rates rose, ultimately reaching record levels. Several credit unions, particularly those engaged in aggressive Main Street banking, were caught as the price they had to pay for deposits approached and sometimes exceeded what they could recoup from loans. Such mismatches created significant problems in Alberta and British Columbia in particular. At the same time, some credit unions, having flirted with commercial lending in the 1970s, entered the field more aggressively in the 1980s. In some instances, they lacked the expertise on the boards or in management to do so properly and prudently and, in any event, the turbulent 1980s were not an easy time to undertake such ventures. The shock of the petroleum crisis of the seventies was still reverberating and the impact of the quickening pace of globalisation was starting to be felt, not least in the single resource and agricultural communities in which many credit unions were located. The result of all this disruption was widespread managerial change within the credit union world, typically meaning that managers from other financial institutions, particularly banks, replaced credit union managers who had "grown up" within the system. It was a substantial changeover in personnel with profound repercussions: while it would be unfair to characterize the newcomers as universally sceptical about credit unions, many of them were, and all of them invariably brought "banking mentalities" to credit union operations.

This brief background, hopefully, will be useful in understanding the trends and dilemmas of the last two decades of the Cana-

dian co-operative banking world. We will do so by looking at the five main spheres of activity within which credit unions/caisses populaires function – their relations with members, other co-operative organisations of the same type and in general, the state and the communities in which they function, as well as the ways in which they manage their business in conformity with their values and principles.

Membership

Membership growth, and its usually linked statistic, asset growth, has been one of the most impressive developments within the Canadian co-operative movement during the last twenty years. Today, the Canadian movements divide about equally over 14,000,000 members and the growth shows no sign of abatement. Within credit unions, the growth has been uneven regionally, with most of it situated within a few strategically placed and well-managed credit unions in the larger cities. Almost invariably, too, they have been community credit unions and not closed bond credit unions.

What has growth meant to credit unions? What has it meant to how members relate to their organisations? How do people who work in the credit unions view the organisation's members?

The early credit unions were invariably small organisations, usually with only a few hundred members. Even the credit unions that started out with a community bond were typically of that size and they were not much different from closed bond credit unions at the beginning in that they possessed dependable knowledge about the reliability of members and the extent to which they knew each other...though in most instances this changed relatively quickly as many community credit unions reached beyond their core groups. During the formative stages of most credit unions, though, the social dimensions were very important: it was the bank for the "little man", the financial institution with a heart, usually proved by its commitment to inexpensive life and loan insurance, its charitable work for members in need, and its empha-

sis (at least for some) as a constructive and fair way to be “your brothers’ keeper.” The emphasis on thrift was also important, as was the idea of lending only for providential purposes; in fact, for some only for personal loans, such as for being able to pay for the groceries or the rent until the monthly pay cheque was deposited.

While hardly universal, the ideology of thrift was common and often espoused by paternalistic if not patronizing leaders, towards the deserving poor. More powerfully, even in the formative stages, there was also a common ideology of self-help, connected to the emphasis on thrift but also to some extent significantly different. Its origins were diverse: it flowed from the labour and agrarian movements of the earlier parts of the twentieth century and from the increasing involvement of the middle class. The formative years, through the 1930s in Québec and the 1950s in English-Canada, projected powerful ideological messages and visions that were clearly different from any other kind of financial institution in Canada. They resonated within credit union circles long after the movements for all intents and purposes had passed them by.

As credit unions matured, as they entered into more complex business activities starting with mortgage loans, as they employed more specialist and professional people, as they developed multi-branch enterprises, and as they embraced new, often more impersonal technologies, their institutional cultures were altered; the ways in which they viewed members changed. The emphasis on thrift and self-help gave way to the encouragement of borrowing and the requirement that it be only for “prudential purpose” was quietly dropped. The emphasis within the member relationship shifted to “service”, an institutional emphasis that flowed easily enough out of the earlier cultures and fitted in well with the steadily diversifying activities of the Canadian movement.

The credit union advocates of “service” in the 1970s tended to see it in rather passive terms. Member service representatives (or tellers) were expected to be helpful and knowledgeable but not pressing. This started to change in the 1980s as credit unions began to look more to service charges for income, as competitive pressures intensified, and as the banking world generally embraced “relationship banking.” There is an important shift in-

volved when an organisation moves from a rather passive service mode to what became called a “sales culture.” It can be beneficial to all concerned; it can also be manipulative and contrary to the member’s best interest if not managed responsibly.

These shifts in membership took place as the numbers of members increased rapidly, in some credit unions exponentially. By the early twenty-first century the Canadian credit union movement had more than 6,000,000 members. That number poses some interesting challenges and dilemmas to credit unions and their leaders. The first is the attitudes most members have towards their credit union. Less than ten percent, according to most surveys, are attracted by the co-operative philosophy out of which credit unions emerged. This is a fact that is also a self-fulfilling prophecy: most credit unions provide members with only a brief introductory information session on the distinct qualities of their organisation...they do not do a good job in consistently explaining the unique features of a co-operative; they do not systematically project the co-operative image to the community nor do many adequately demonstrate their co-operative nature amid the advertising and newsletters they distribute. It is no wonder that most members patronize their credit union because of convenience, notably location, or because of its commitments to service and sense of community responsibility.

This situation poses several dilemmas. The first is that the democratic process in many credit unions is lamentably weak. Turnouts at annual meetings are poor, in many cases only 2-3% of the membership and often largely made up of employees. It is important to realize, though, that such meetings can be substantially larger if a serious issue has emerged.

Democracy, though, is more than voting for directors and attending the ritualized discussions of past performance that many credit union annual meetings have become. It means engagement with key issues by members and, perhaps, most importantly, a sense of ownership and empowerment. Credit unions vary tremendously in these two aspects of the democratic process, particularly as they grow larger and more complex. The dilemma is how to improve the democratic process in a credit union, assum-

ing that its leaders wish to do so. This is not always the case since an informed and aroused membership can be a useful resource for a skilled manager and board but an impediment for the less skilled and arguably often a conservative force if the leadership believes that fundamental changes or significant expenses are necessary.

Sector

The credit union movement followed the federated structures of organisation as they had been developed in Europe, particularly by Schulze-Delitzsch in Germany, and, in case of English-Canada, in credit union circles in the United States. The mouvement Desjardins, as mentioned, went through a process of centralization as early as the 1930s and, because of that was able to impose discipline and reasonable cohesion on the movement, though to suggest that it was easy is to belie a very complex process. The result, though, in part was that until recently the caisses were roughly similar in size and capacity, removing a source of tension that would bedevil the English-Canadian movement.

The credit union movement in English-Canada did not develop its central institutions as easy for other reasons: for example, provincial and regional differences and, most importantly, the fierce independence that typified most of the credit unions. In the early stages, when most credit union leaders were facing stiff learning curves in understanding how the organisation should work and, often, how businesses should be operated. The most obvious need was for training. A second need, so it was believed at the time, was for promotional activities to start new credit unions. A third need was the securing of effective and distinct legislation to ensure that credit unions were at least incorporated in the appropriate manner. English credit union leaders turned, naturally enough, to the two kinds of institutions that American credit union leaders had devised to meet these needs: local chapters bringing together leaders from credit unions in close proximity to each other, and leagues formed in Canada on the provincial level to undertake lobbying of the government and to provide the nec-

essary training programmes. In most provinces, these institutions were organized during the early 1940s.

Soon, however, generally during the mid- and later forties, the English-Canadian movement began to organize credit union centrals, provincial organisations to syndicate loans and to move funds from credit unions in surplus to credit unions with greater needs. Although there were considerable differences among the provinces, the centrals grew steadily, becoming increasingly the institution looked to more by the business-oriented leaders of the movement, while the more philosophical leaders tended to find their natural homes in the leagues. During the late 1950s and the 1960s tensions grew between the two kinds of institutions, resolved in all provinces by their amalgamation. To some extent, this uncertain and divided integration meant that the English-Canadian movement had difficulty in developing a national presence. Somewhat arduously, the movement created a national credit society in 1953 but it languished because there was limited support for it, and there were complications in securing the appropriate national organisational structure.

Moreover, the English-Canadian movement had difficulty designing and implementing its own insurance programme. The Americans had their own loan and savings insurance company, CUNA Mutual, to which a significant number of Canadian leaders felt a great deal of loyalty because of the support American credit union leaders had given to the Canadian movement in its early years. Others preferred getting into the insurance field, particularly because it was so lucrative, but also because they wanted to develop a full insurance programme in collaboration with other co-operatives, and because of strong feelings of Canadian nationalism. It was a debate that bedevilled the Canadian movement from the late 1940s through to the 1970s. In fact, the debate continued in different ways for years because of the rather unwieldy national structure the movement had inherited and because memories remained even after the two dimensions of the national insurance programme – the Canadian and the American – were brought together in the 1980s.

As the century came to an end, it became increasingly clear that communications and technological revolutions were reshaping the national movements. Like almost all kinds of co-operatives and more than most, credit unions are essentially about the management and flow of information. When their size and impact was determined by manual book entries, uncertain cars on even more uncertain highways, when neighbourhoods formed the horizons most people knew, information moved slowly and the advantages of scale were not as easily perceived. By the 1980s, the computer revolution was dramatically altering the work place, and travelling was incomparably easier: not just around the provincial roads but across Canada as well, not just on the land but also through the air. There were many dilemmas buried in these changes. One of the first and one of the most contentious was the selection and purchasing of technology: how should the selection be made? How should it be paid for? They were and remain difficult questions.

The communications and transportation changes also raised the question of how best to organize the movement, throwing into doubt the necessity of having three tiers of institutions. In the movement Desjardins, following an intense set of studies and debates, the decision was taken to eliminate the regional federations. In English-Canada, the result of an even longer and more complex debate was that a proposal to significantly strengthen the national organisation failed, as initially did a proposed merger of the two largest centrals, British Columbia and Ontario.

The issue of finding the best structure for the Canadian movements is not resolved and will likely shape the agenda for a long period to come.

Community

Credit unions, for the most part, have always demonstrated a strong commitment to their communities. Minimally, this has meant support for educational programmes, health facilities, and community (especially youth) activities. This commitment continues and is nearly universal. In the last twenty years, several

credit unions have also revived the old commitment to community economic development, evident in their origins, especially if the Antigonish movement had influenced them. It was a different order of community involvement, not without its risks but equally not without its rewards. Some of the credit unions, like VanCity in Vancouver and Assiniboine in Manitoba, developed very extensive specific programmes in community economic development. Others merely modified their lending practices so they could be more open to different kinds of lending.

Some of the chief dilemmas associated with the community programmes are: how much to invest? What kinds of risk should be accepted? What kind of return is minimally acceptable? Where does one draw the line between what is a distinct line of business and the organisations' charitable activities?

There is another dilemma: what does "community" mean in today's credit union, especially the larger credit unions? The only plausible answer seems to be some kind of segmentation of the membership, but a significantly different one from the kind of segmentation that is relatively common in the banking business.

The State

The caisses and the credit unions started out with a pretty clear set of needs that they hoped the state would help them meet. They needed legislation that would protect their special needs for democratic procedures and organisational structures. In the early years they looked to governments for help in organizing credit unions, in supervision of their activities, and assistance in difficult times. In most instances they were successful although the role of the state in the early development of the movements has rarely been acknowledged, not least because by the 1960s most provincial movements were engaged in the difficult task of weaning themselves from what was fairly perceived as too much state influence.

At the same time, the financial uncertainties of the decade were moving provincial governments – and the federal government where its policies affected credit unions – to push for greater

harmonisation of rules and regulations governing credit unions as well as other financial institutions. Thus, legislation was being passed requiring greater standards of care, insisting on higher standards for loan portfolios, and requiring greater reserves, all changes that encouraged the growth of larger credit unions and placed greater onuses on small credit unions, with their proportionately smaller staffs and fewer specialists. In fact, particularly by the 1980's, one of the major legislative changes of the period was to make it more and more difficult to form new credit unions, understandable from the regulator's perspective, and perhaps even the movement's because of the risks that might be run. It was also the end of a meaningful avenue for mobilizing resources by people outside the financial system, including that controlled by the co-operative banks.

As always in the co-operative world, the dilemma with the state remains: How close? For what reasons? At what cost? The Canadian co-operative banks vary significantly in their capacity to influence provincial governments. It is a matter of desire, resources, and inclinations; sometimes, it is the result of partisan politics.

Management

During the 1980s and 1990s, co-operative banking leaders became very preoccupied with issues of management defined in the ways in which it is customarily understood. There were ample reasons for this preoccupation. The financial industries were undergoing extensive even dramatic changes. Computing advances were revolutionizing the speed at which money could be gathered and utilized. Wealth management became a central banking concern, even in institutions like *caisses populaires* and credit unions that traditionally were thought of as serving those with modest incomes. In fact, the maturing of the "baby boomers" and those just before them created a demand and a lucrative market for financial services unparalleled in Canadian history. It coincided with the decline in value of the investment certificate, after their houses, the most common saving instrument for members of the

working classes and the most important savings product credit unions offered. Invariably, more people than ever before were forced into investing in the stock market either directly themselves or through mutual funds. The idea of “honest working people” scrimping to save enough that could be cautiously invested at rates with limited risk to ensure a comfortable retirement was no longer viable; everyone now had to “play the stock market.” In ways that were more complex than was recognized at the time, the social contract linking steady work, reasonable reward for savings, and a secure retirement had been challenged and undermined.

Like other financial institutions, credit unions facilitated this new savings and investment regime, often for people who had never invested in this way before. They partnered with various investment houses and the mouvement Desjardins developed its own mutual funds, as did the credit unions – in their characteristic way, initially through the efforts of one credit union, VanCity, and appropriately enough through an ethical investment fund. It was one more way in which credit unions became involved in the selling of a product, particularly the large urban credit unions increasingly required to ape the banks in what was becoming a very “hot” market place.

They also engaged in one of the other characteristic activities of the banking industries, particularly in the northern parts of the world: mergers and acquisitions. There were many reasons why this trend developed within credit unions. The expansion into new kinds of services, extensive automatic teller networks, home banking through the computer, the managing of stock investments, international money transactions, to name only a few, were invariably associated with new computing costs. Moreover, the computer re-engineered the workplace, reducing the need for middle managers and increasing the pressures on frontline staff whose jobs were already changing as a result of the introduction of “sales cultures”. The incremental costs for such changes and the search for ways to distribute them across larger units made mergers or acquisitions particularly attractive. They were also attractive to some managers and boards for personal reasons: enhanced salaries and responsibilities, increased prestige, and the

appreciation of many members for the new services and locations that became available. For others, though, the “merger mania” was just hastening the process whereby credit unions became just another bank and a rather small and weak one at that, picking up whatever business the “real banks” were not interested enough to pursue. The face of the credit unions was being altered at a rate and in ways that were unknown in their previous history.

Of the many co-operative dilemmas this kind of managerial change created, therefore, one particularly stands out – the one that sceptics kept raising: how to retain their co-operative character, how to manage through a period of unparalleled transitions so that they retained their distinctiveness. It was not easy. While the movement Desjardins had devoted considerable thought and resources to its training and research programmes, both within their own premises and in association with business programmes in Québec universities, the credit union movement, with the exception of a training programme for its directors, had tended to be content with borrowing from others in the development of many of its key leaders. Given the complexities of the task confronting the movement and the need to think creatively and continuously about the ways in which the movement addressed its stewardship in the various spheres of activity outlined above, there were grave risks in this information and philosophy gap. The dilemma at the end was whether it was possible to encourage enough people with the capacity and will to be different.

The Music of the Spheres

The stewardship of credit unions, like all kinds of co-operatives is not a simple matter. It should always involve the interplay between theory and practice, the harmonisation of diverse, sometimes conflicting, interests, the balancing of monetary and social imperatives, and, as far as board and employees are concerned, the genuine mingling of people with differences, not the cloning of preferred types.

It is also, when functioning properly, a matter of entrepreneurship, not entrepreneurship just for the sake of generating more income but for the human growth of all those associated with the institution. Given the growth and prosperity the credit unions have achieved in recent years, the test of financial health was achieved amid challenging times and complex transitions. As always, the work of creating conditions in which people can grow and contribute is more difficult to evaluate. Perhaps it is only the historian some years hence that will be able to judge whether this ultimate test of stewardship had been met, whether the credit unions were still making a difference.

Section Four

Reflections on the Co-operative Experience

Remembering the Big Picture: The Co-operative Movement and Contemporary Communities¹

AT ITS MANCHESTER Congress in 1995, the International Co-operative Alliance adopted an *Identity Page* defining the nature of co-operatives today.² The page reflected issues that stretched back a century or more and echoed debates that had characterized the international co-operative movement since its beginnings. It stirred debates that had first emerged out of historic differences and contrasting understandings, for example, between Northern and Southern Europe.³ It brought forward perspectives from other parts of the world. It reflected the different perspectives of established co-operatives – consumer, worker, agricultural, financial, fishing and housing – and “new” co-ops – social, environmental and recreational. Beneath were longstanding tensions between co-operativism and other ideologies, including democratic socialist, Marxist, liberal, conservative, and anarchist traditions. It re-awakened concerns over the nature of democracy within co-ops in all parts of the world and invited debate on relationships with the state, particularly since the role of the state seemed everywhere in decline. It responded to gender issues and concerns about inclusion. It resurrected what, in the Canadian movement, was once

¹ Paper Delivered to the International Colloquium, Co-operative Form and Local Development: A View of Different Experiences, The Institute for the Development of Nonprofit Organisations, University of Trento, Italy, December, 2004.

² See Ian MacPherson, *Co-operative Principles for the Twenty-First Century* (Geneva: International Co-operative Alliance, 1996) for a copy of *The Identity Page*, a background paper on the principles, and a paper on the context within which the Page emerged.

³ See W.P. Watkins, *Co-operative Principles: Today and Tomorrow* (Manchester: Holyoake Books, 1986), Johnston Birchall, *Co-op: the People's Business* (Manchester: Manchester University Press, 1994), Rita Rhodes, *The International Co-operative Alliance During War and Peace* (Geneva: International Co-operative Alliance, 1995) and Johnston Birchall, *The international co-operative movement* (Manchester: Manchester University Press, 1997) for discussions of the historic debates within the international movement.

called the “Big Picture”, the questions of fundamental purpose and commitment that should characterize co-op development and infuse co-operative institutions. It re-examined another old question: the relationship between co-ops, the co-operative movement and the communities they served – the movement’s social obligations.

The *Statement of Co-operative Identity* was a reaction to four major contemporary trends: the disintegration of the centrally planned economies of Central and Eastern Europe; the unclear roles of co-ops in many southern countries; the overpowering dominance of market ideologies and classical liberal thought; and increased global integration through technology – the advent of what Marshall McLuhan had called “the global village”.

The search for this statement unknowingly began with Alexander Laidlaw’s report on Co-operatives in the Year 2000, prepared for the Moscow Congress of 1980.⁴ Laidlaw was a good choice for that task: he had travelled widely for someone of his generation and he knew about co-ops in many parts of the world. He was the protégé of Moses Coady, the principal founder of the Antigonish movement at St. Francis Xavier University and Canada’s most profound co-operative theorist in the mid-twentieth century. Coady, in fact, was the person who popularized the term “The Big Picture” in his speeches and writings.⁵

Laidlaw identified several challenges confronting co-ops: declining member commitment; weakening democratic participation; neglect of education; poor communication systems; uncertain roles for elected leaders; how they might better serve the poor; uneven employment practices; and sectoral disunity. All these problems involved the ways in which co-operatives were situated in their societies, how they encouraged member involvement, and how they responded to communities. Laidlaw an-

⁴ Alexander Laidlaw, *Co-operatives in the Year 2000* (Geneva: International Co-operative Alliance, 1980).

⁵ See Michael R. Walton, *Little Mosie from the Margaree: A Biography of Moses Michael Coady* (Toronto: Thompson Educational Publishing Co., 2001) and Alexander Laidlaw, *The Man from Margaree, Writings and Speeches of M.M. Coady* (Toronto: McClelland & Stewart, Limited, 1971).

anticipated four major opportunities, all of them as much social as economic: feeding a hungry world; providing productive labour; contributing to a consumer society, and building co-operative communities.

In 1984 at the Hamburg Congress Michael Trunov of the then Soviet Union prepared another paper that considered the social roles of co-operatives.⁶ He argued that the international movement needed to take more responsibility for building global peace, encouraging new co-op development, ensuring greater food security, and counteracting environmental degradation. He ran into opposition from those who resisted the idea that the co-op movement should be “used” (as some interpreted his approach), but many were attracted to the idea that co-op should address the major issues of the time.

Lars Marcus, the President of the ICA in 1988, built on these reports and extrapolated from his own experiences to challenge the international movement to reconsider its basic values and rethink its fundamental commitments.⁷ Marcus spoke from his efforts to expand the ICA’s work beyond its North Atlantic and particularly its European base. He was also committed to expanding the ICA’s base beyond its traditional consumer co-operative core to include more genuinely all kinds of co-operative enterprise. That process had begun in the 1950s through the work of several leaders, many of them, like Nils Thedin, also from Scandinavia. It was demonstrated in the opening of the India Office in 1960 and the Moshi office in 1968.⁸ Marcus and the ICA Director, Bruce Thordarson, continued the process as they oversaw the opening of an office in Central America, the regionalisation of the ICA governance/managerial structure, and the beginnings of ICA international co-operative development projects.

These were big changes for the ICA, shaking old patterns of association and posing significant managerial problems, as

6 For a summary of his paper; see, *Congress Summary*, International Co-operative Alliance, XXVIII Congress, Hamburg, 15-18 October, 1984, pp. 67-69.

7 See Lars Marcus, “A Report to the ICA Congress, Stockholm 1988” *International Co-operative Alliance, XXIX Congress*, Stockholm July 1988, Agenda & Reports, pp. 95-108.

8 Nils Thedin, *A Moral Commitment* (Stockholm: Grafo Tryck AB, 1988).

Marcus's paper at the 1988 Stockholm Congress and subsequent events indicate. It was one thing, in the cliché of the times, to think globally and act locally; it was another to actually do it. The challenges, moreover, were greater than Laidlaw had anticipated and they formed a menacing background as the discussions developed. Older co-ops, in particular, were changing dramatically as they were buffeted by what became popularly called globalisation in the 1990s: the intensification of international markets; the creation of large economic blocks, like the European Common Market and the North America Free Trade Area; the rapid transformation of communications systems; the re-engineering of firms into flatter management systems; the increased mobility of capital; the "outsourcing" of labour; the declining roles of the state and entitlements; and the emphasis on economics over social policy. For many co-operators caught up in these issues, it could be a bewildering and unwelcome diversion from essential duties. For others, though, particularly outside of the North Atlantic, it was a vital exercise, one to be engaged with considerable enthusiasm.

The next step in the process was an international dialogue on co-operative values, led by Sven Akë Bööck of Sweden. Lasting from 1988 to 1992, it culminated in the book *Co-operative Values in a Changing World*, written by Bööck after extensive research and numerous meetings around the world.⁹ In it, he tried to reflect the wide, rich and diverse range of views he had found. The result is a volume that is not "an easy read," its central arguments tending to be circular in ways more appreciated in non-Western intellectual traditions. It does not always follow the linear logic that has dominated Western thought since the eighteenth century, though it might be argued that it also reflects co-operative intellectual traditions rather well; traditions that are much more preoccupied with understanding ambiguities and shaping consensus than in finding irrefutable and permanent truth.

Bööck's study heightened discussions about community values and social obligations. He focussed primarily on the movement and its institutions as he sought to make a coherent whole out

⁹ Sven Akë Bööck, *Co-operative Values in a Changing World* (Geneva: International Co-operative Alliance, 1992).

of the enormously rich experiences and value systems he found within the international movement. He produced an essentially inward-looking document, recognizing the importance of new types of co-ops, particularly social co-operatives; the roles of co-ops in emancipating people from poverty and oppression; and the need for a new, broad and empowering vision.

Thus even before Manchester, there was a tendency within the international movement to reconsider the relationship between “community” and co-operatives. This was not, however, just a reaction to contemporary pressures; they were also echoes of discussions central to the movement’s origins, and they emanated from the ongoing strengths of the co-operative movement. While co-ops must constantly demonstrate their ability to meet business goals, they also function within specific contexts and historical traditions. They are steeped in the class, cultural, and ideological frameworks of their members and communities and they cannot escape them.

The Rochdale Pioneers, for example, envisioned creating colonies in the traditions of Robert Owen and his imitators; they were part of a working class culture and worldview that had been decades in formation.¹⁰ The consumer movements that emerged in their wake in many parts of the world, were not just concerned about purer and cheaper food, many within them were also “consumers against capitalism”.¹¹ The worker co-ops that emerged in the nineteenth century, for example in France and Italy, were extensions of community activism based on co-operative, religious or political motivations. Many early financial co-ops emerged from community concerns and the dreams of individuals, like Friederich Raiffeisen, Leone Wollenborg, Alphonse Desjardins, and Roy Bergengren, seeking to ameliorate them. It is a tradition still very much evident in credit union circles, for example, in support for Community Economic Development and in contributions to education and social programmes. The agricultural co-operatives

¹⁰ Peter J. Gurney.

¹¹ Ellen Furlough and Carl Strikwerda, *Consumers against Capitalism: Consumer co-operation in Europe North America and Japan, 1840-1990* (Lanham: Rowman & Littlefield Publishers, Inc., 1999).

that emerged in the nineteenth and early twentieth century in Europe, more recently in other parts of the world, reflected crises in rural life as market economics transformed the ways in which rural people lived; they were concerned about women's and youth issues, rural education, and rural culture.

The communitarian concerns of most co-operative endeavours in the North Atlantic world, so strong in the nineteenth and early twentieth century, tended to wither in the twentieth century for many reasons, including the complexity involved in meeting both economic and social purposes. The only managerial models readily available were drawn from the military, government, and private business worlds. Within the co-op world, there were remarkable searches for alternative forms of management systems; for example, in some consumer wholesales, federated structures in the community banking movement, some agricultural organisations, the network systems of northern Italy, worker-oriented movements such as Mondragon, and the "co-op corporations" of Asia. Their distinctive ways, built out from indiginous co-operative thought and practice, however, have never been fully studied or appreciated and they tended to lose their uniqueness as co-ops adapted to the market place. They tended to adopt "scissors and paste" management theory from other kinds of organisational behaviour rather than develop unique practices built out of co-operative values and principles.

The most serious challenge, in fact, came from the ascendancy of private enterprise models. A growing number of co-ops seemed content to follow the practices and conform to the values of their competitors, to be satisfied with being an "odd" variant of conventional business. Government officials, academics, and business groups reinforced this trend, proclaiming consciously and unconsciously the superiority of the investor driven firm and making it the yardstick by which co-ops would be measured.

All too often, too, governments saw co-ops as agents for the implementation of their policies and forced their development or pushed them in directions useful for government purposes. Intentionally and unintentionally, they contributed to sectoral weakness by emphasizing business orientation over movement cohe-

sion.¹² They related to co-ops according to the kind of businesses they were in rather than as a sector or movement. They tended to encourage co-ops to operate in much the same way as their competitors in the market place: co-operative financial institutions like banks and insurance companies; agricultural co-ops like agribusiness; co-op housing like social housing. They de-emphasized democratic control structures and questioned the ideas and practice of “common capital” systems.

At the same time, though, many governments did encourage new types of co-operative endeavour. For a few decades in the middle of the twentieth century, many governments were influenced by the prevailing economic orthodoxies provided by Keynesian economic theory and institutional economics. Keynesian models, for example, encouraged governments to support marketing and supply co-operatives and to use co-ops in building social safety nets. That kind of economic theory tended to lose out, however, in the seminar rooms of Economics Departments and in the halls of power within governments as the twentieth century ended. Indeed, to be taken seriously, co-ops had to stress their more limited economic roles, pointing to their financial successes more than their social contributions in order to be respected by governments.

The communitarian perspective also lost out as co-ops curtailed their educational efforts. Many co-operative movements in the later nineteenth and early twentieth centuries possessed remarkable educational programmes, embracing a wide range of the media of the day and effectively building the movement. They used educational processes to encourage diverse forms of co-operative enterprise, not just those in which they were directly engaged. As co-ops became pressed in their business activities and as their managements became increasingly “professional”, however, they

¹² See Johnston Birchall, *The international co-operative movement*, Alexander Laidlaw, *Co-operatives in the Year 2000* and Ian MacPherson, *Hands Around the Globe: A History of the International Credit Union Movement and the Role and Development of the World Council of Credit Unions, Inc.*, (Victoria: Horsdal & Schubert, 1999) *passim*, for discussions of the consequences of unduly interventionist roles by the state.

reduced their educational role, converting it to marketing and institutional promotion and lessening their community emphasis.

Finally, the co-operative “communitarian tradition” never achieved sufficient clarity and intellectual depth to be widely accepted, often collapsing into different kinds of socialist traditions, Marxist and Social Democrat, typically lumped together with them rather indiscriminately and unthinkingly. In a few places, it was even indistinguishable from anarchist collectivism.

Co-operative communitarianism is based on grassroots control and initiation and is committed to practicing reciprocity and mutuality. It exudes a kind of individualism that believes individual development is at least as dependent on group association as on individual initiative. Thought of institutionally, it sees enlightened individualism unfolding within a complex, often ambiguous set of relationships, including those associated with members, co-operative sectors, governments, and communities and reflected in daily management practice.

Thus, when the Manchester Congress addressed the social side of the international movement, it was resurrecting long held traditions of “community” but traditions that had faded in many established movements. It was also welcoming new co-operative forms through which people could control the social as well as the economic forces shaping their lives and their communal existence.

The Congress recaptured the social dimension of co-operatives in at least six ways: by inserting “cultural”, “social needs” and “aspirations” in the definition it accepted (the first definition ever agreed to by the international movement); by including “social responsibility” and “caring for others” in the value statement; by concretely encouraging inclusive memberships approaches; by emphasizing member involvement and control, a characteristic that would naturally broaden co-op mandates; by emphasizing “common capital” rather than continuing the tendency to think of co-ops as mere agglomerations of members; and, of course, by specifying a commitment to “sustainable communities” in the seventh principle.

Since 1995 the international movement has continued to demonstrate a growing commitment to social goals. This has coin-

cided with recent shifts in economic thought that recognize the importance of social capital and the value of such fields as Social and Environmental Economics. Moreover, as the role of the state has declined, new co-ops have emerged meeting social needs in health, elder care, and care for people with disabilities. More generally, too, many co-ops have deepened their commitment to environmental protection, an acknowledgement of communal obligations. In almost every country, in fact, there are exciting new co-ops responding to social needs and opportunities derived from challenges facing communities.

There is, however, no simple road to enhanced social responsibility. Older, established co-operatives are significantly reflections of their traditions and are shaped by their memberships: they can expand possibilities incrementally, in a year-over-year fashion but they will not easily go through revolutionary reconstruction. The different kinds of established co-ops – consumer, farming, fishing, banking, worker and service – will identify possibilities in their own ways and according to the logic of their industries and their inheritance. New kinds of co-ops created in reaction to social possibilities will be more flexible, both in what they can do and in how they do it. There is a need to respect such diversity, not as easy as it might sound among co-operative people who can be as quickly judgemental and critical of those who do things differently as anyone else.

There are also challenges about how to embed commitments, in both established and new co-operatives. The history of the international movement abounds with examples of discarded priorities and weakened resolution, particularly as co-ops “mature”. Many co-ops that started out with wide social visions have become narrow in interests and limited in concerns. How can co-ops strive as they grow to retain their original commitments, to perpetuate their social concern? It is not a question easily answered.

The desire to address social and community obligations also raises issues about basic democratic practice. The mainstream co-operative movement reflects late nineteenth century concepts of democracy based on annual elections, one person/one vote and

board accountability, though traditions vary dramatically with the type of co-operative and its traditional practices. They have led to well-established governance structures rooted in membership participation, either as consumers or producers. While such systems can always be improved and even modified to let other voices have access to power, they are not easily (or normally) substantially changed. The challenge is to reform them incrementally so that the social dimension is sustained, even nurtured, prudently.

There are also interesting issues involved in new co-ops: for example, harmonizing the roles of stakeholders in social co-operatives bringing together different professions and community groups as well as “traditional” members. There are uncertainties: How much power? To whom? Under what circumstances? How can conflicting agendas and priorities be harmonized? How can the general community interest be reflected in the governance structure? The international movement needs to study more closely the existing models that could provide some answers: the innovations of Northern Italy, other Mediterranean countries, France and Belgium; the relatively unknown (outside of the region) experiences of Latin America; the growing interests within northern European countries, and recent experiments in Asia and North America.

Reflecting on the different ways people might organize co-operatives today is also important because our communities are changing so rapidly. Massive urbanisation (particularly in the South), the weakening of hinterland communities everywhere, increasingly mobile populations, isolation created by new technologies – all of these mean that “community”, always an ambiguous word, now has numerous definitions and understandings and, in fact, is being constantly redefined. From a co-operative perspective, perhaps that is the most important reason why the search for new forms of co-operative endeavour, within a prudent, honest, and rigorous framework directly addressing community interests – and building on what the past has shown us – is a major initiative of our times, a “Big Picture” worth drawing once again.

Membership: The Quandaries and Possibilities of an Old Word¹

MEMBERS – THIS word can be seen as central to co-operative organisations and to co-operative thought. It is not, however, either a modern or a simple word. Its roots stretch back at least to the Latin word *membrum*, a part or organ of the body. That quality of being part of a bigger whole has been generally – but not universally – implicit in how the word has been used through the centuries, including within co-operative circles.

Why do People Organise?

The concept of “membership” in secular institutions such as co-operatives seems to have emerged in the English language sometime during the nineteenth century. All ‘first’ references to its use in this sense listed in *The Oxford English Dictionary* date from that time. It is not difficult to understand why that would be so. Many people in the 1800s, especially in Europe and North America, formed institutions to enjoy the benefits of industrialisation and urbanisation or to protect themselves from their negative aspects. They were struggling to insulate themselves from economic uncertainties and the misfortunes associated with ill-health, unemployment and deaths in the family. They were combining to defend themselves from the concentrations of economic power evident in the creation of large corporations and the consequent erosion of local economic control. They were uniting in order to have greater influence in the new economic order associated with railways and steamships, expanding manufacturing capacity, better communications and more productive agriculture.

¹ This paper was originally printed in *The World of Co-operative Enterprise*, 1999 (Oxford, 1999), pp. 59-68. It is reprinted with permission.

The original bases for “membership” in co-operatives, therefore, were deeply rooted in communal connections, class associations, and shared economic interests. In urban areas they were often tied to working class movements and trade unionism. It is impossible, for example, to understand the Rochdale Pioneers without situating them within working-class culture and the growth of trade unionism. In rural areas many co-operatives were connected to churches and to the numerous rural protest organisations that swept America and Europe from the 1850s onward. Sometimes they bridged both worlds, most obviously in movements serving the interests of women, children, and families. On occasion, they intruded into the realm of politics by asserting themselves within liberal, socialist and, less frequently, conservative political parties.

Creating institutions was also a reasonable way in which people could partly replicate the informal support and social structures that they associated, accurately or not, with life in communities prior to industrialisation and the advent of intrusive market economies. Shifts associated with fundamental economic change, often tied to the extensive migration of large numbers of people, inevitably alter family relationships and weaken traditional notions of community. They also create new bonds of association driven by common needs and shaped by work-place or occupational relationships.

Thus co-operative forms of organisation, as they emerged in America and Europe during the nineteenth and early twentieth century, were in large part the consequence of fundamental economic and social trends. Such sources imparted a powerful sense of bonding based on class and occupation and sometimes on religion and ethnic identity. To be a ‘member’ of a movement or an organisation had a kind of currency that is difficult to appreciate today, particularly in the parts of the world where individualism – self-interested, indulgent or existentialist – is the norm and more often extolled by the popular media and the dominant ideologies.

In a sense then, when contemporary co-operatives emphasize membership, they are echoing some assumptions more readily understood at another time. That does not mean, however, that

they are necessarily out of date. For example, the voices for the kinds of individualism that undervalue memberships and look suspiciously upon the collective search for advantage and a better society are most evident in only a few societies, albeit some of the most powerful on earth, notably the United States.

Moreover, even in those societies, there are people who embrace co-operative enterprises based on economic needs, shared philosophies, and group loyalties, especially as the cycle of excessive capitalism runs its course. For them, “membership” and group action still have powerful meanings.

More importantly, in many other parts of the world, the desire for using “membership” organisations to shape economic and social change remains strong, building upon, for example, traditional African bonds of clan, the Asian sense of family and Latin American notions of community. It would be rash to assume that the excesses and enthusiasms of the 1990s in some parts of the North and in a few southern outposts are the permanent lenses through which the future will be permanently viewed. “Membership” and all that it implies still has cogency.

The Value and Variety of Membership

What, then, is the state of the concept of membership within co-operative organisations today? At first glance, the picture may not appear to be rosy, partly because of the readily apparent and more subtle critiques emanating from the various kinds of ascendant individualism. At second glance, the negativism is unwarranted since there is no reason to assume that such attacks will necessarily overwhelm; after all, only their extremism is new. The debate with pure individualism stretches back over more than a century. The uneasy relationships with the individualism of the rugged entrepreneur, the ascetic existentialist, and even most kinds of post-modernists is not new – it is just more pervasive since the common ideological fields are emptier than they used to be.

Moreover, there are subtle rejoinders to most of the individualist questioning of the power and utility of co-operative forms.

On one level, much co-operative activity is aimed at the fuller realisation of individual human potential. This thought emanates from the powerful insights of several adult education movements – from Denmark through Loughborough to Antigonish and Keggalle – that see co-operatives as a natural fulfilment of individual possibility through group action. It also springs from an increasing understanding of the broad sweep of human history, what is called “metahistory”, in which group energies are seen as being at least as valuable for the human race as individual achievement. In fact, effective group activity – even if quarrelsome and complicated – may be thought of as the highest form of enlightened self-interest. There are group benefits that accumulate when people collaborate for their common and individual good. It is still worth reflecting upon the cumulative value of what early co-operative thinkers referred to as associative intelligence.

In addition to the subtle values of membership, there are also its varieties. There is no simple way to synthesize how people around the world understand the concept of co-operative membership. Their views do not come together in a neat and tidy way. In fact, the compulsive need for a universal way of understanding – typical of so much of western thought since the Eighteenth century, of most social science over the last hundred years, and of most management theory – can create its own traps; it can lead to a sterile and stilted understanding. It can miss the subtleties of co-operative enterprise while it cavalierly disposes of worthy practices and valuable goals. At the end of any analysis, “membership” will always be to some extent culture-bound and context specific and that should be a matter of celebration not despair: it is one measure of how deeply co-operatives can fit into the societies in which they exist.

However diverse its applications and roles, member relations form one of the most important spheres of activity over which co-operatives can exercise considerable control. In fact, from one point of view it will arguably be the most important sphere of activity because it is the one that generates the most income and assures continuing relevance. Member interest – but in the long as well as the short-term – should be the primary consideration for

the leaders of co-operatives and it should be deeply entwined in the culture of each co-operative.

Key Aspects of Cultivating Members

In general, there are three dimensions of membership in co-operatives that should be nurtured, each in its own way. They are: ownership, investment, and patronage. All three have special and unique significance for agricultural co-operatives. All three require special efforts by directors and strong leadership from management. Indeed, they require considerable new conceptualisation, perhaps through the development of operating principles especially designed for agricultural co-operatives and certainly through reconsideration of basic issues, as has been discussed by Edgar Parnell in his recent writings.²

Ownership

The ownership dimension implies control but it will be exercised variously in different types and sizes of co-operatives. Members of co-operatives that materially affect the lives of their members on a daily basis - such as most agricultural co-operatives - will naturally require a higher degree of member control than members of co-operatives - such as insurance and consumer co-operatives - where the needs for exercising control are not as obviously important. There will be, therefore, different kinds of democracy, especially if democracy is defined broadly so as to include electoral practices, reporting systems, consultation procedures, opportunities for involvement, and sense of ownership.

In general, democracy, if thought of in this broad way, is readily apparent and often vibrant in agricultural co-operatives. As a rule, farm people, when their co-operative leaders encourage rather than inhibit involvement, willingly accept the ownership dimension. It is not difficult to find agricultural co-operatives whose members are well informed about the affairs of their co-operative and willing to participate in them. It is easy to find agricultural

² Edgar Parnell, *Reinventing the Co-operative*, Plunkett Foundation, Oxford, 1995.

co-operatives in which members regularly and profoundly shape the direction of the organisation.

It would be naive, however, to consider that any co-operative has achieved a state of perfection in its relationships with members. There are always policies and practices to be reconsidered; there are always questions about how member ownership can be best exercised. The challenges are particularly evident in some southern countries where agricultural co-operatives have a strong tradition of considerable government involvement. Having first emerged as agents of imperial policy or as instruments of government during the early years of independence, they have deeply entrenched traditions of central direction, either by their continuing government masters or by managerial cliques.

Investment

The investment dimension of agricultural co-operatives forms one of the most difficult sets of problems in the contemporary co-operative world. It stems partly from genuine problems as agricultural co-operatives struggle to compete with international competitors who can freely roam the world accessing the cheapest capital, finding the most friendly governments, and operating in the most favourable regulatory environments. It occurs partly because of the declining support by governments no longer believing that it is necessary to ensure national control over adequate food supplies for their populations. The regulatory and marketing systems set up over generations are being speedily dismantled, meaning that co-operatives must adapt to changes, often with unrelenting speed.

Around the world the pressures created by the capital issue have led to extensive tinkering with the traditional co-operative model. As the need for capital has grown, members have been asked to invest more or to leave their patronage dividends with the co-operative for a period of years, in many cases until retirement. Often, those practices have created strikingly differentiated levels of investment by members, sometimes leading to demands for differential voting rights that reflect somewhat the differences in investment. It has proved to be a difficult issue to resolve and has contributed significantly to the restructuring of several co-opera-

tives around the world into capitalist firms, even though many retain strong ties with their former member-owners.

Such changes may be inevitable in some cases but they should not be undertaken lightly: much long-term benefit can be lost for the sake of temporary advantage. At the very minimum, leaders of co-operatives should try to anticipate demands for more capital as early as possible. After all, one of their primary responsibilities is the management of reserves and capital for development, an area that all too often attracts less attention than marketing and member relations until the demands become too pressing to ignore.

They should also try to build reserves and raise funding for new projects as much as possible from their members and they should do so on a systematic, regular and continuing basis. Doing so, however, will never be easy: almost invariably, it will be carried out within the context of member-owners having particularly pressing requirements themselves, not only through the annual cycles of credit demands, but also through the need essentially to refinance farm businesses as one generation gives way to another. It is a complex puzzle rarely resolved easily. It is one that should continuously preoccupy the leaders of agricultural co-operatives even in times when capital needs seem to be low; in fact, it is arguably true that that is the time when the most thought should be directed to the topic.

There are other options when the pangs of capital needs become apparent. One is joint ventures with other co-operatives or private firms; sometimes, too, there are possible joint projects with government organisations. All of these opportunities should be pursued first of all like any other business possibility: they must offer the possibility of good returns. They can be particularly attractive because they could offer ways in which the assets of co-operatives could be 'levered' into ownership roles in a wide range of connected business activities. In fact, they could offer the easiest way in which agricultural co-operatives can pursue the ancient dream of controlling as much as possible the production and distribution of goods from the farm gate to the consumer's door.

The recently-revised co-operative principles of the International Co-operative Alliance looks favourably upon such initiatives,

particularly those involving associations with other co-operatives. The matter is particularly raised in the fourth principle on autonomy and independence. The only caveat to pursuing them mentioned in that principle is that they should be undertaken 'on terms that ensure democratic control by their members and maintain their co-operative autonomy'.

That caveat might lead to a vision of a co-operative that has an essentially protected core organisation with a control structure that clearly preserves the traditional, democratic forms of co-operative ownership. It might have a wide range of subsidiary organisations, some of which could be owned in partnership with other organisations. It opens the door to many possibilities but all within the framework of retaining clear member control at the heart of the organisation.

Another increasingly common way in which some co-operatives have sought to resolve the capital problem is to raise funds on the stock market. This creates an entirely different set of dynamics, particularly by complicating the ownership dimension of membership. Theoretically, it might be possible to envision a sharing of the rights typically assigned to capital in private firms in such a way as to ensure control by members as in the conventional co-operative. The experience of agricultural co-operatives going to the stock market, however, has not been a happy one in that it has typically led to the gradual absorption of the co-operative into the private economy. Only time will tell if some of the most recent efforts along these lines, such as with the Saskatchewan Wheat Pool in Canada, will be successful in avoiding that fate.³

Any stock market initiatives, however, will necessarily demand a heightened sense of the ownership dimension by the farmer-members and a determined effort by them to retain control of the organisation. That is particularly true when times of adversity occur. Almost certainly in such times the pressures to cut back on the 'costs of democracy' will occur and it may not be easy legally to

³The The experiment did not work, leading to the demutualization of the Pool and its sister organizations in Alberta and Manitoba. The reasons for this are complex and the "jury is still out" as to why this occurred [-Ed.].

minimize the influence of investors when their investments appear to be threatened. It is a difficult road at best.

Patronage

The third dimension of membership - patronage - does have its controversial aspects but it is typically the least problematic of the three dimensions. The most common issue revolves around unequal patronage. Agriculture has been one of the most productive and efficient economic activities of the twentieth century. It is amazing what the world's farming people have accomplished in terms of increasing productivity and, for vast parts of the world, reducing the percentage of their income that people pay for their food. That productivity has not taken place equally, however, whether one thinks locally, nationally, regionally or globally. In fact, the more sophisticated the agriculture, the greater generally are the disparities. It might be luck, it almost certainly is hard work, it might be more careful planning, it might be the blessings afforded by better soils, often it is the avoidance of unreasonable debt - but, whatever the reason, some farm families have been more successful than others. The result is that some farm families buy or sell more through their co-operatives than others. The resultant issues usually revolve around differential patronages or, in the case of supplies, volume discounts. While such issues are usually resolved in the interests of the larger member who receives whatever competing firms would offer, the issue is nevertheless frequently complicated and sometimes divisive.

The issues associated with patronage provide one of the most important lenses through which to assess the role co-operatives play in rural change. There is always an issue, subtly associated with patronage questions, about whether co-operatives should be agents for rural change or protective instruments for those struggling to survive as the economics of technology, land use, agriculture science, marketing imperatives and access to credit transform the countryside. For that deep and difficult question there are no easy answers, but a review of the history of agricultural co-operation suggests that they have been agents of moderate change, institutions that ultimately promote efficiencies but at a gradual rate.

Typically, the dominant groups over time in most agricultural co-operatives are the more 'progressive' in the sense of being willing to accept the value of more efficient practice ultimately at the cost of displacing some of the people traditionally involved in their industries.

The Advantages of Membership

From one perspective, that close awareness of the impact of agricultural change and the consequent impact on communities is one of the main reasons why membership in co-operatives is still important, even if it does not appear on any conventional balance sheet. While not all agricultural co-operatives are deeply concerned about their communities, most are. Most recognize, in the view common to most farming people, that their businesses are strongly tied to their communities. Typically, they sell much of their product to nearby customers, either directly or through processors. Often, they are among the community's most important employers and investors.

Moreover, the family dimension of most farm operations encourages a multi-generational viewpoint: often the farm was inherited, usually the hope is that it will be passed on to daughters and sons. Rarely, is it looked upon as merely an investment to be maximized, particularly through short-term excessive production, unless the economic situation becomes desperate. The resultant bonds run deep and the value of owning the organisation that provides supplies and sells produce is obvious: without it, a considerable opportunity to control one's own destiny will be lost; without it, a pillar of the communities in which farm families live will be destroyed.

Another important advantage to membership is that it provides a way in which the primary producers of the world can at the very least provide a check on the huge companies that increasingly control the global production and marketing of rural commodities. Like most other kinds of economic endeavour, agricultural production is becoming even more than in the past an interna-

tional business shaped by global trends and transnational concerns. The Uruguay round of negotiations, NAFTA and the gradual changes within the European agricultural industries signal what appears to be the final transformation of international agriculture.

In that transformation, the choice increasingly will be either to become the servants of international agribusiness, or to try to shape organisations that are large enough to compete but humane enough to remember the importance of communities that provide a sense of purpose for workers who toil that all may eat. It is wise to question the growing conventional wisdom that even large numbers of essentially unorganised stakeholders can seriously influence increasingly integrated international markets. It is advisable to ignore the siren song of the elephant trumpeting 'every man for himself' as he whirls and dances among the rabbits and the mice.

Encouraging Associative Intelligence: Co-operatives, Shared Learning and Responsible Citizenship¹

GEORGE KEEN, SECRETARY of the Co-operative Union of Canada from 1909 to 1945, was a key figure in the formative years of the Canadian co-operative movement. An English immigrant from Stoke-on-Trent, he turned to co-operatives in 1906 when working people in the town of Brantford, Ontario, where he lived, organized a co-operative store. He never turned away and his involvement with co-operatives became a lifelong passion, the dominant commitment in both his public and private life.

In his work as a “propagandist for the movement” (a term he unashamedly even proudly used), Keen frequently suggested that “education was the life blood of the movement,” a quotation he attributed to the British co-operator, George Holyoake. At first glance it appears to be a rather banal statement, particularly if one remembers that Keen was using it during the first half of the twentieth century. At that time Canada, like so many industrializing societies, was deepening its commitment to universal public education, many Canadians believing that education was the key to upward mobility and better incomes; the best preservatives of whatever status they possessed. To advocate the importance of education, therefore, was hardly unusual or earth shattering.

When placed in the context of co-operative history, however, Keen’s advocacy takes on a deeper meaning, echoing beliefs and commitments within co-operative circles stretching bank to the late eighteenth century. In fact, it can be argued that it advances a central consideration for anyone searching for the movement’s essential core. If co-operatives, co-operators, and their movements are to accomplish anything distinctive and permanent, they must

¹ Paper presented at the Plenary Presentation, International Society for Co-operative Education, Manchester, England June, 2002.

ultimately be concerned with ideas not just groceries and interest rates though they too are important. In turn, ideas are the ultimate subject matter of all educational activities, be they formal, nonformal or informal, practical or theoretical.

Thinking about the educational activities of co-operative movements and their organizations are important for other reasons. A co-operative's educational activities shape its impact on its stakeholders, members, elected leaders, staff, members, and communities. They are, or should be, central in the preparation of a co-operative's social audit, now an increasingly common kind of evaluation within co-operative circles. They should figure prominently in the current discussions of the inter-relationships between co-operatives and other institutions within the social economy tradition. They should be emphasized by co-operative organizations as they aspire to live up to their obligations to their communities in keeping with the intent of the seventh principle of the International Co-operative Alliance's 1995 *Identity Statement*. In fact, it can be argued that in subtler but no less important ways, "education" is as significant to that principle as it is to the fifth, the one that deals specifically with education.

But what, after all, did Keen and Holyoake mean when they said "education"? For that matter, what did it mean for the Rochdale Pioneers when they used a significant portion of their surplus to establish their library in 1849 or when, in 1854, they pledged a permanent allocation of 2% of their expenditure on education, no small commitment given the low incomes of their members; one that more prosperous co-operators in other places and times have not been prepared to make or have done so with indecent reluctance?

At first glance, a plausible answer rests with the educational needs of the working class in the United Kingdom during the nineteenth century – and indeed a considerable portion of the twentieth century as well. Certainly, the Rochdale Pioneers were concerned with education because so many children of that time went from their parents' door to the factory or the mine as soon as they could be pushed. Clearly they were trying to supplement what Sunday schools and the limited state schools were providing.

From that perspective, the efforts of co-operators in the United Kingdom during the nineteenth century were part of a working class struggle for enlightenment and upward mobility. It is a struggle that, in various forms, is still with us.

To the extent that it was a part of that struggle, the co-operative education impulse ultimately found its contributions overwhelmed by the advance of publicly funded education. Its earlier concerns with education encouraged a broad and deep understanding of dominant trends, a breadth of vision that approximated what the academy would come to call political economy. For some time, in fact, co-operative educational initiatives were important shapers of public opinion in the United Kingdom. When the public school system assumed its central role in the training of young people and then gradually older citizens, the broad visions of co-operative education inevitably declined, an interesting example of how the rise of the state circumscribed the possibilities of co-operative as well as other forms of communitarian activism.

While the tie to working class culture is obviously important historically, it is not, I think, a sufficient explanation for the rise of co-operative education. Perhaps we should not even start our discussions about co-operativism and education with the struggles of the working and farming classes of the nineteenth century. Arguably those struggles provided the opportunities for the early blossoming of co-operative education, but they were not the underlying “reason” why the movement embraced the cause of education. Rather, we should search back at least into the eighteenth century for the sources of that commitment. We should search into the age widely called the Enlightenment because of its faith in reason, its concern for education, its search for a moral basis not determined by faith, its troubling experimentations with democracy based on informed citizenship, its fascination for the world beyond Europe. The key names of that age still resonate in our era: Rousseau, Voltaire, Montesquieu, Smith, Locke, Franklyn, Paine.

In many ways, though perhaps less precisely and consciously, we are still wrestling with the great issues identified in those times: more than we generally glean, we are the somewhat confused but indebted descendants of that time. The ideas that ex-

ploded in the Enlightenment, brought into the public square by what E.P. Thompson called the “moral economy of the crowd” as well as the ruminations of intellectuals, were in part early powerful reactions to the growing individualism and apparent social disintegration of the period; they were not merely denouncements of the lingering orthodoxies of previous generations. They are imbedded in the origins of the co-operative movement; they are assumed – unfortunately not widely and deeply explored – in the most common examinations of co-operatives ideologies, a theme that needs to be pursued more diligently by the movement’s ideologues and the academy’s researchers. They helped shape the abiding understandings and commitments for generations of co-operators after the Enlightenment era is generally assumed to have closed.

In the British experience, one of the great intermediaries between the eighteenth and nineteenth centuries, of course, was Robert Owen. At once spiritually beautiful and physically repulsive, generously enlightened and brutally manipulative, sometimes charismatic and often boring, this remarkable personality is one of the seminal thinkers in educational history. His essential thought and act of faith – if one can talk about Owen having a “faith” – was that people were the products of their environment. Like Montessori, Pestalozzi and the Anabaptist sects (a rather unlikely group of associates), he understood the essential importance of early childhood in shaping human personality and potential. This helps explain the classrooms he built, the libraries he helped develop, the emphasis he placed on physical development, the quest for international understanding, the emphasis on character, the support he gave for what we would call life-long learning – all reflected in the educational programmes at New Lanark and in the other intentional communities he encouraged or which were developed in keeping with his ideas.

Shifting to the later nineteenth century, when the heritage blossomed in its most resplendent phase, our understanding is deepened because of the work of Peter Gurney. In his excellent book, *Co-operative Culture and the Politics of Consumption in England, C1870-1930*, he shows how working class culture, the rise of worker education

and the co-operative movement created a movement of remarkable intensity, vision and (for a part of its history anyway) a high degree of working class engagement. As he has described it, as the pages of *The Co-operative News* readily attest, as the work and attitudes of George Keen, an ocean and decades later shows, those years saw a flowering of engaged, community-based, grass roots education of surpassing power.

In fact, the British movement, with its attachments first to mechanics institutes and then the Workers Educational Association was in the forefront of adult education as that field came to life in the nineteenth and early twentieth centuries. And came to life it did, and not only in the United Kingdom. One can think of the Danish Folk Schools, the Gaelic League in Ireland, the educational/training programmes of numerous agricultural/rural organizations (many of them co-operatives), as well as the extension programmes at universities in Europe, the United States and Canada. One can think of “people’s schools” that appeared under different names in various countries in the 1920s and 1930s. One can refer to the educational activities associated with labour temples and political organisations, many of them strongly tied to co-operatives. In my country, one can point to the adult education movement associated with St. Francis Xavier University in Nova Scotia. It became a national and something of an international force for adult education and community economic development, especially through co-operatives. Finally, there were several national experiments with co-operative colleges and training centers, notably here in the United Kingdom but also in Scandinavia, Canada, some African and many Asian countries as well. The list of examples and discussions of trends could be very long.

There was arguably therefore a golden age of co-operative education that one might trace, particularly in this country, but also mine, from the later nineteenth century until somewhere in the mid-twentieth century. What were the qualities of that education? What made it so engaging, so successful?

Partly, it was because it was obviously and deeply engaged with the most pressing economic and social issues affecting the masses of population at that time. It therefore provided understandings

of the major forces shaping people's lives and it advocated at least partial solutions to some of the problems they confronted. Partly, it was because many of the co-operative educational activities were concerned with the development of a more perfect democratic society. They challenged the completeness of a democracy that offered only occasional opportunities for people to choose their leaders through elections or through the complexities of political parties. They wondered why democratic forms should not be applied directly to economic organizations. Those questions were as controversial and as awkward for those times as they are for our own, but they stimulated discussion, learning and reflection; they were superb subject matter for an educational process, a fit focus for considerations of citizenship then as they would be now.

Co-operative education in its glory years was also concerned with what was called by some at that time "associative intelligence," a belief that there is a special kind of knowing that emerges when people work together effectively; a conviction that people through working together could learn skills that would make collective behaviour more economically rewarding, socially beneficial, and personally satisfying.

The concept of associative intelligence, which might also be traced back to the revolutionary ferment of the Eighteenth century, was reflected in many of the early co-operatives of England: those who joined them were called "associates" not "members," the name the movement ultimately adopted and still uses. It was championed through the kind of secular morality promoted by "social missionaries" (including George Holyoake), a small band of aggressive humanists who travelled throughout the country in the first half of the nineteenth century. It was embraced by the "associationist" co-operativism of France, its most complete and profound manifestation. It shares something with the mutual/reciprocal ethos that in the last century characterized the co-operative movements of Northern Italy. In more recent times, it was echoed in the sense of mutuality and community that inspired the experiments at Mondragon, at least in its early years. It resonates through some of the Asian movements of recent times: for

example, parts of the Japanese co-operative experience and some notable experiments in India, the Philippines, and Sri Lanka. Today, it is perhaps most readily grasped by people involved in, or observing, a group going through the almost inevitable agonies of developing a co-operative enterprise – though only a very few, if any, would now think of calling it “associative intelligence.” It might be seen as kind of social capital, although the word usage suggests quite different ways of understanding human personality and to value human growth, one that suggests the even more materialistic and the less idealistic ways of our own era.

But how can we begin to understand this dimension of co-operative learning? Alas, we cannot safely use as arresting a form of enquiry as Voltaire did when he wrote *Candide* or even as dialectical a style as Owen did in his various writings. According to the more characteristically laboured ways of our times, we would earnestly produce a list that deconstructs the words into their most obvious emphases. Perhaps the list would include the following aspects of education: the dispensing of information, providing training, encouraging reflection, creating knowledge, and facilitating learning.

One could argue that the flourishing of co-operative education took place because the movement embraced all these emphases; that they were all integrated and drew on a common reservoir of understanding, theory, and purpose. The history of the British movement in its golden days suggests that this approach might have some merit. It dispensed information through publications from its local associations, through a national journal, through lecture series, through its libraries, and through special public events. It provided training through special programmes ultimately centred in its own college. It facilitated learning through pioneering adult group learning within co-operatives and ultimately within its college; it was one of the originators of what is today commonly called a seminar. It encouraged reflection through the kinds of publications it produced, including an impressive array of books, and in its cultural activities, including drama and, in the twentieth century, the production of film. It fostered the “production of knowledge”, including people who deeply influenced the

course of co-operative thought even to this day, people such as Henry J. Wolff, Beatrice Webb, George Holyoake and G.D.H. Cole. The movement was alive with intellectual vigour and it reached out through a variety of educational channels to a large cross section of the British public. It was an educational moment the likes of which we have not seen since. Its whole greater than its constituent parts.

It might be useful to see what happened to the educational enterprise in the intervening years and particularly each of the emphases that once gave the movement its great vigour. There can be no hope of resuscitating the same integrated co-operative educational programmes in the old ways: the times are different if not out of joint; the structures of our society, the development of knowledge, the methods of learning are hardly comparable. It might help contemporary co-operative enthusiasts, though, to reflect on the interconnectedness of co-operative education in the golden age and envision how a similar result might be achieved in our time, but one based on our own realities, technologies and institutional associations.

Education as Dispensing Information

Like any movement, like any institution seeking to establish a relationship with its supporters, the co-operative movement and its organizations have an essential need to distribute information. Historically, they did so through pamphlets, books, newspapers (though few now exist) and films (these are even rarer). The movement never did utilize the possibilities of radio or television as it should have – and that might partly explain why it declined as an educational force generally. It is obviously a reason why it did not “dispense” information about its ideas and possibilities very effectively during the last half of the twentieth century. In fact, given that the movement has missed or nearly missed every communication revolution since the pamphlet it is remarkable that it is as widely known as it is.

Almost everywhere, too, the movement failed – or was not allowed – to establish an accurate or complete presence in the public education system. Private enterprise perspectives on economic life became the norms for study within educational institutions; alternative perspectives becoming “unfair pleading” by “special interests.” Co-operative perspectives never became part of main-line economic discourse. Large faculties of business appeared in virtually every university of the industrialized world but, even today and despite the importance of co-operatives as a business form, one can prowl the halls of hundreds of them and not find one co-operative specialist. Traditional disciplines, many of them buffeted by wars between the major ideological camps of liberalism and Marxism, at best patronized the study of co-operative thought and institutions; at worst they scorned them. The inherent conservatism of curricula in most disciplines accommodated interests in co-operative thought and institutions begrudgingly if at all. Having started its educational activities partly as a way to compensate for the inadequacies of public education, the co-operative movement generally finds itself almost totally ignored in the educational institutions that have emerged to shape the minds and predilections of youth; to retrain adults in the “information age.”

Dispensing information about the movement, therefore, has become a limited and, despite the best efforts of many co-operators and some co-operative organizations, largely a matter of “hit and miss” practices within co-operatives. Until recently at least, and even now only in a relatively few instances, that information flow does not significantly extend beyond the sign-up phase of membership, and, all too often, when it does it is limited and uninspiring. The amount and variety of information available to members and even more to the general public does not adequately project the power and possibilities of the co-operative form of enterprise and the nature of co-operative thought. Moreover, whatever exists has tended to become directed learning, focused on imparting facts and promoting loyalty, a kind of communication not unlike advertising, the kind of propaganda George Keen would have spurned.

Why is this so? Partly it has to do with the dynamics within co-operative organizations...how money is budgeted, how institutions seek to preserve their competitive advantages, how power is distributed. Perhaps, too, it is a reflection of how the core behind the educational process within co-operatives is in need of refurbishment. Those who seek to reverse the trend of weakened powers of information distribution, now decades old, face an intimidating prospect.

Nevertheless, there are encouraging signs that a counter attack is beginning, most notably in increased resolve in some co-operative organisations, the more abundant distribution of information over the Internet (such as the remarkable project aimed at recovering the co-operative past through its web site undertaken by the Co-operative College), the slow but steady expansion of Co-operative Studies within the academy.

Education as Training

One of the most obvious needs people face when they start co-operatives, from the nineteenth century to the present time, is the need for training in the kinds of competencies required for the adequate performance of their duties. In the formative period of the movement in each country, the volunteer leadership, often drawn from segments of the society with limited formal education, needed to learn the skills and understandings required to run meetings, engage members, carry out simple business practices and communicate effectively. The results were remarkable programmes in adult education; indeed, the main reason why the flowering of co-operative education occurred.

As co-operatives grew, educational and training priorities changed to focus more on employees needing skills in such fields as accounting, marketing and human resources. While the educational institutions that developed within the co-operative movement tried to meet these needs, an increasing number of co-operative organizations turned to mainstream public and private institutions for most of their training, a trend usually justified by the

immense challenges co-operatives faced as they institutionalized. It was also the result of the emergence of human resource departments within co-operatives, particularly large ones, wishing to assert their independence, build their own structures, advance personal careers, and utilize industry-specific training programmes.

The result has been that the co-operative component of many training programmes has tended to be isolated to a few introductory sections or modules. The emphasis has shifted to competency-based training, usually associated with specific tasks within a co-operative's management system. It has rarely included strong components on the specific requirements and the development of the kind of organizational culture necessary for a dynamic, integrated co-operative organization. It has rarely provided the kind of opportunities required for substantial, meaningful reflection.

The biggest challenge, however, lies with the maturation of concepts about co-operative management. While several co-operative institutions and many co-operative educators have tried over the years to address the more complex issues around management, the effort has not achieved the goal. In a sense, the problem has been caused by inadequate financial support, perhaps understandable because the costs for good management programmes are very high. Somewhat related – but a little more complicated than mere financial issues – the research base for co-operative management has been very weak, understandable enough because the gurus and the business schools rarely consider the challenges and responses characteristic of co-operative organizations. Consequently, the common practice of merely adapting what the current business literature currently endorses has become the norm: while doing so might be useful – and parts certainly are – it is not an approach that in the long run will be satisfactory or even secure the survival of co-operative enterprise. Ultimately, the only fully satisfactory body of research and training for managers – as well as employees, directors and members – will emerge when there are a sufficient number of co-operative managerial specialists adequately supported, a kind of massive co-operative endeavour involving practitioners, researchers, and trainers across several institutions, co-operative and academic. It will require far more

co-ordination and – ironically – genuine co-operation within the movement and among researchers than commonly exists now.

In the meantime, several promising beginnings can be observed. The increasing attention to management training in the British movement within a co-operative framework is encouraging. The development of co-operative managerial programmes in some universities is a positive step. There are numerous possibilities for the co-ordinated – and hence cost effective – production of training materials. There could be incredible opportunities for the greater utilization of electronic learning and communication in the training process, but again only if there is effective co-ordination and the reduction of institutional barriers.

Education as Encouraging Reflection

There has always been a tension within co-operative educational circles between those who would emphasize practical, specific training and those who would stress broader – sometimes called philosophical – education. That tension will never disappear and in balance it often leads to healthy debates. In the struggle between the two perspectives, the more practical approach usually dominated in the twentieth century. Partly, that was because co-operative leaders by instinct and often by necessity are practical people, typically most concerned with resolving the daily issues of their co-op. Partly, it was because basic issues were ignored or downplayed on an international level because of seventy years of uncertainty over the nature of co-operatives in the former USSR as well as the complexities of co-operative development in many southern countries. Consequently, the movement tended to address more successfully practical, specific problems and to avoid the more contentious theoretical issues.

To some extent, the pendulum swung back to theory with the international discussions about values and identity during the 1990s, as the Soviet regimes crumbled, and the problems confronting both southern and northern societies could not be avoided. It would be unfortunate, though, if the reflective im-

pulse ended there. Some tasks emerging out of those discussions, notably the working out of operating principles for each of the co-operative sectors, remain to be done, particularly around issues of management, capital, and workers. Even more importantly, the movement is confronting some major challenges that demand reflection. Some of them, such as creating adequate capital resources, might seem to be specific and practical but in reality they are virtually all connected to the extensive adjustment going on in the world today, whether it be called the New Economy or globalisation or some other term.

Addressing underlying “philosophical” issues is never easy and seldom immediately rewarding. It requires reflection, which in turn requires time, that most precious of human gifts. In the golden age much of the reflection was the result of class association, the fact that key members of the intellectual leadership were from the moderately “leisure” class and had time to donate to a movement in which they deeply believed. Much too came from a working class leadership that was prepared to contribute vast amounts of time, in evenings and on weekends, to a movement ingrained in their popular culture, one that met basic needs – and that gave them status.

Today, the pressures of time for most people seem overpowering, the opportunities for reflection and exchanges of considered opinion infrequent. Cell phones and e-mails continuously interrupt our days, reducing reflective moments to sound bites not unlike those that are too often the insights on which we develop our worldviews. Within the co-operative world the requirements for accountability lead to unceasing rounds of meetings, many of them hearing reports on actions already taken, few of them really engaging the minds and spirits of their participants. There is so much doing there is little time for thinking; the world’s minutiae are too much with us.

Reflection also flows from deepening understanding and in our times that partly involves research and the preoccupations of the “chatting classes,” in the media and in the universities, by and large two wastelands for co-operatives. An encouraging counteraction to this unfortunate state of affairs is the gradual develop-

ment of Co-operative Studies as a field of enquiry. It is one of the most promising developments for the stimulation of reflection – if it has the opportunity to grow as it could. It will help to create the new knowledge – and the new ways of thinking about old issues – upon which more meaningful reflection can be based. It could provide the space – intellectual and programmatic – that co-operators have long said they wanted in the academy, still, despite the pressures, one of the few possible locations for sustained, reflective discussion.

Education as Creating Knowledge

In its halcyon days in the late nineteenth and early twentieth century, co-operative education enjoyed the benefits of a rich and expanding, fresh and controversial, base of knowledge. Much of it was experiential, derived from what co-operators were learning in their local societies. It was concerned with such basic questions as the following. How to take stock in the local stores? What amount of stock was reasonable? How to set budgets? How to distribute work? How to decide what a board should do? What a manager and staff should do? Should the co-op extend credit to members? As the wholesale emerged – and with it its banking, insurance, farming and worker co-partnership enterprises – the questions became more complex: how to structure second and third tier organisations? how to accommodate the demands of workers? how to adapt democratic forms to steadily more complex institutions? how to develop appropriate relationships with movement in other countries? how to transcend different understandings from different cultural backgrounds and types of co-operative enterprise? They were challenging questions that drew the best co-operative minds of the times and a variety of different answers. The results can be found in the writings, speeches and activities of Gide, Wolff, the Webbs, Greening, Mitchell, Holyoake, all “knowledge producers” who influenced seventy years of co-operative thought. There was “crackle” in the air at co-opera-

tive gatherings of those days; serious issues were addressed not ignored.

The great promise of Co-operative Studies is that it can help to create the same intensity of debate over issues confronting co-operatives and co-operative thought in the modern era. What can co-operatives contribute at a time in which communications systems are transforming relationships around the world? Can co-operatives effectively use those technologies? What does technology mean for democratic practice – in co-operatives and in the world generally? How can co-operatives contribute to the preservation and expansion of civil society? How effective can co-operatives be in assisting communities sustain their economy and be “masters of their own destiny” (to use a phrase that used to have currency in the co-operative movement)? What can co-operatives do to help preserve and enhance the environment? Can they be useful for young people striving to create their own kinds of political economy? How can people build effective transnational organizations rooted in communities and based on democratic premises? Can we shape an economy with a social conscience? Can co-operative contribute to that end? Are there ways in which members of large co-operatives do not have to feel alienated?

The issues are as pressing, as large in scope as those that called forth many fine co-operative minds a century ago. Will the current generation of co-operative leaders and supporters be able to respond as well? Will the movement tolerate them? Will it encourage them? Will the rest of the world notice?

Education as Facilitating Learning

Beneath the co-operative approach, particularly in the golden age of co-operative education, there was a boundless faith in the capacity of the human mind and spirit: the optimism of Robert Owen about human nature and sometimes even a little bit more. The challenge was not so much what should be taught but how to facilitate the natural human capacity to learn. And learning took many forms, embracing the arts and sciences as well as bookkeep-

ing. It usually involved learning in groups, in sharing ideas, in appreciating differences, in fostering openness. For the true co-operative visionary, it was the encouragement of associative intelligence.

In short, it was, at its ideal, co-operative learning, engaging both the young and old. It was a conviction that human beings continuously learn, a belief long held in the movement before the 1990s created the buzzwords of life-long learning. These convictions can be seen fairly readily in the curriculum, the teaching methods, the resource materials even the architecture of buildings preferred by co-operative educators. It is perhaps the subtlest of emphases within the co-operative educational tradition. It tended to lose out because of the greater attractions of other kinds of education. It may be the hardest to recapture; it may be the one most essential to the revitalization of an honourable tradition. It may be the best contribution the co-operative movement can make to an informed, resourceful and empowered citizenry, the essential requirement for a genuinely democratic society.

The Windshield is Crowded: Anticipating the Twenty-First Century¹

YOU HAVE GIVEN me a frightening assignment. You see, historians much prefer to go forward by looking into rearview mirrors. Such lenses have obvious attractions. They are small and don't seem to include very much. You are free to focus on whatever interests you in the mirror without any great consequences. Hardly ever do you see anything that can directly affect you personally in the present or the future and so the mirror brings little that is personally threatening. In fact, you can concentrate upon whatever strikes your fancy and, if you miss something, it doesn't really matter much.

The windshield is another matter. What is important in the wide vista in front of us? Is it the truck speeding toward us? Is it the child playing with the ball on the side of the road? Is it the light that might change? Is it the car backing out of the driveway? Is it what might suddenly loom in front of us around the next bend? It is riskier looking ahead because the dangers are infinitely greater and you can easily be wrong. One quickly pines for the apparently more controlled world of the past.

I approach this topic not only as a frightened historian but also as a person whose interest is in understanding the nature, limits and possibilities of co-operative thought and organisations. I do not make much distinction between my life as an academic and as a participant in various co-operative activities. For me, they are of a piece, controversial as that approach might be in some academic circles. I also approach the topic after having spent much of the last two years trying to establish an institute for Co-operative Studies at my university. It has been an absorbing affair, simultaneously as exciting and frustrating an endeavour as any I have

¹ Paper presented at the Annual Meeting of the Japan Society for Co-operative Studies, Tokyo and Kyoto, October, 2000.

undertaken. Undoubtedly, though, that effort will shape what I have to say.

It is difficult not to think of the future for the co-operative movement in terms of challenges, not so much because adversity is so overwhelming but because the co-operative impulse, if it is to meet its inherent possibilities, should always be pushing at the limits of existing economic and social structures and thought.

When I first listed the challenges of the future on a sheet of paper sometime ago, I found it grew rather easily. It included: the continuing issue of distinctiveness; youth; new forms of co-operatives; sustaining what has been built; addressing the complex issues involved in managing co-operatives effectively; the need for greater inclusiveness; making best use of new technologies; fostering a greater understanding and cohesion within the international movement; and encouraging greater co-operation among co-operatives – that old co-operative dream.

That was just the beginning and a subsequent list brought other ideas to mind: specific sets of issues around the role of workers, the nature of state relations, adjusting to different ways in which communities are being understood (a rather vital issue for co-operatives, it seems to me); and new forms of integration – as opposed to the federation structure long preferred by co-operatives, the possibilities of using media and the Internet more effectively – the windshield speedily became crammed and a poor rear view mirror driver was overwhelmed. Ah, for the sanctity of limited sources and a reasonably stable way of dealing with evidence.

And so I did what I fear too many historians tend to do in their work: I decided to focus on a few select issues, in this case five that seem to be particularly important. I am not sure why they seem important – also characteristic of how some historians work – but at least they have the advantage of permitting me to address at least tangentially some of the other issues as well. The issues are: the continuing issue of distinctiveness; youth; sustaining what has been built; management, and the need for inclusiveness.

The Continuing Issue of Distinctiveness

Perhaps because of the work I did with others on the co-operative identity during the 1990s, I think there are still some major issues to be resolved around the question of co-operative distinctiveness. Some progress was made at the Manchester Congress of the International Co-operative Alliance, I hope, but much remains to be done since the challenge is a perpetual one within co-operative circles. In my view, the co-operative movement has always had a problem in establishing a clear place in our body politic and in what some would call the public square.

Partly this is because the movement had the misfortune of developing in the period of the great ideologies. It had a lukewarm but still important relationship, for example, with classical liberalism. It is not unimportant that John Stuart Mill was one of its strongest advocates in nineteenth century Britain. Later, the intertwining of co-operative thought and American and Canadian liberalism is central to any understanding of the movement in North America, an important fact given the roles those two countries have had in promoting co-operatives around the globe.

Co-operativism's connections with moderate socialism, with social democracy, is obvious. In the United Kingdom democratic socialism and the co-operative movement share a common ancestor, Robert Owen. The relationship with French Associationism has been profound. It is sometimes difficult to know where one movement leaves off and another begins in Scandinavia. Where do you draw the line in India or, indeed, in many of the states that gained their independence during the 1960s? Can any of us explain well the role of co-operatives in the varieties of African socialism?

The association with Marxism has a troubled history. Marx and Engels vacillated in their interest and support for co-operative enterprise. Some communists, for example in Italy and Spain, espousing a more decentralized and humanist version of Marxism, became strong and enlightened supporters of co-operatives. Within the Union of Soviet Socialist Republics and its satellites, as in China, Cuba and North Korea, co-operatives became all too

often a pawn in the struggles for state power. Despite the efforts of many who tried to find a rapprochement within the USSR, no compromise was found, meaning that co-operatives lacked the kind of independence from the state that they require. It will be interesting to see how the process unfolds as the co-operatives in the remaining centrally-planned economies adjust to the apparently inevitable liberalisation of their economies.

Similarly, the co-operative movement and anarchism have shared much in the past. Kropotkin profoundly affected many co-operators. Can we understand the history of co-operation in Spain, Italy, and Greece as well as parts of Latin America without exploring the anarchist connections? Beyond conventional anarchism, as one considers the kinds of populism that have emerged in waves in most countries since the nineteenth century, the kinds of populism that seek the neo-anarchist solutions for community decline in high levels of local autonomy and weak control by central governments, they played central roles in the origins and ideologies of many co-operative movements.

I have dwelt upon these now seemingly ancient ideological issues because I think they demonstrate well the historical and ideological problems with co-operative distinctiveness. Whatever its merits, co-operativism not only was entwined with these ideologies, it was dwarfed by them. Its ideological foundations were generally weaker, its spokespersons less impressive. In fact, our understanding of co-operative theory is remarkably thin, resting upon oft-repeated stories about a few pioneers (those at Rochdale and a few other places) and descriptive accounts, often of uneven quality, of what has transpired since. It is also overwhelmingly European in perspective despite the expansion of co-operatives in so many parts of the world in the twentieth century.

In part, this weakness is the obverse of a co-operative strength. The movement has never been an armchair occupation. It has always been involved in everyday affairs, in ongoing economic organisations, and in the material lives of ordinary folk. In other words, the co-operative world is far removed from Plato's cave; the ideal is often hard to distinguish. In many ways the best literature on the nature of this often turgid set of debates revolves around

the struggles between George Holyoake and J.T.W. Mitchell, but it is debate than in many ways has appeared in most, if not all, major movements. It is the kind of debate and the kinds of resultant understandings that need to be pursued more seriously.

Thus I think one of the main challenges confronting co-operative scholars – and the co-operative movement – in the years immediately ahead is to uncover the rich co-operative traditions that is the movement's common heritage. In a way the *Co-operative Identity Page* and its supporting documents from the International Co-operative Alliance's 1995 Manchester Congress are a modest first step in that direction. But they are not enough. We need to address much more deeply the thoughts and perspectives of those who have shaped co-operative movements around the world. We must move beyond narrow understandings of institutional history to situate co-operatives, co-operative thought, and co-operative leaders within wider social frameworks. We must develop a much more nuanced understanding of the nature of the movement and how it has changed over time.

In various places I have argued that doing this sort of work requires the development of an entirely new field: Co-operative Studies. In part, that is what I have been trying to do in my efforts to create a new institute at my University. The need is great because no single discipline within the academy can adequately comprehend co-operatives. We need the disciplines of Sociology, Anthropology, Business, Economics, History, Political Science, Philosophy, Education, Law...the list stretches far across nearly all the faculties of any modern University.

The new field desperately needs exchanges across countries and cultures, across experiences and sectors. In this regard, I would like to thank Japanese co-operative organisations, notably the consumer and agricultural movement, for encouraging this kind of exchange. The meeting of researchers in Singapore in June was a revelation to me as I am sure it was to many others. That meeting and the other recent meetings of co-operative researchers in Oslo were, I think, turning points in the maturation of Co-operative Studies as an international field of enquiry. Many new kinds of questions were raised; the co-operative experiences of countries

previously little studied beyond their boundaries became better known; a number of new scholars were present; and a significant number of practitioners were participants. It shows signs of becoming a truly interdisciplinary, international form of enquiry.

One can welcome this awakening from at least three perspectives. First, it is completely justifiable on its own terms as an intellectual activity that promises to be at least as intellectually demanding as any other kind of interdisciplinary enquiry. Having been involved in several kinds of interdisciplinary programmes in the past, I am completely confident that it can ultimately withstand any rigorous challenges within the academic world. It is developing its own set of problems, its own methodologies, and its own research agendas.

Secondly, Co-operative Studies is important because of what it can contribute to the resolution of difficult issues facing our time. It can analyze the roots of the co-operative movement more fully than has been done hitherto, particularly the record of co-operative experience since the age of the “founders”. It can help explain what co-operative alternatives have worked and, as important, what have not. It can help address the variety of co-operative options that might help modern and future societies cope with the major issues of our time, such as population growth, increased production of good food, stable safety nets, and meaningful employment. I, at least, believe that the co-operative model has increasing relevance today and its potential for the future has few limits.

Thirdly, I believe that Co-operative Studies can help situate the movement, intellectually and strategically, more prominently in public discourse. I think this is necessary because we live, contrary to what some might argue, in a profoundly ideological age. The problem is that we hardly recognize this truth because liberal capitalism is so dominant that it seems just to be to many as some form of revealed truth. Governments, media, commentators just assume the dominance of the capitalist firm in what appears to be a free market place. Consciously and unconsciously, they sustain that form of enterprise in the policy and legislative framework

they support and, just as importantly, in the policies and legislation they increasingly eschew.

At the same time, the steadily widening trend of plundering the often undervalued wealth of mutual organisations in the hasty rush to larger businesses and satisfaction of investor greed has undermined many co-operative-like organisations; in a few instances, such as the effort to buy out the co-operative wholesale in the United Kingdom, the trend has breached the most hallowed walls of co-operative enterprise.

More insidiously, the dominance of private enterprise around the world has led many to assume that co-operatives are, at best, a minor variant of the dominant economic structure. That is evident even within the co-operative sector in the widespread efforts to adapt managerial theories from the mainstream rather than building outward from the co-operative essence, borrowing as need be but always skeptically. It is evident in the tendency to glorify managers as opposed to the elected leadership or, indeed, the member, the traditional central focus of the co-operative. It is evident in most countries in new legislation and in governmental regulatory activities most of which tends to homogenize co-operatives with private business.

More challenging, some kinds of co-operatives are confronting immense pressures as they try to compete in a world where unheard of amounts of capital are accumulated in energetic stock markets and encouraged to roam the world in search of the most advantageous margins. This is an obvious concern for agricultural co-operatives who have to compete, often from narrow industrial bases, with multi-national businesses spanning the entire spectrum of the agro-food industries. It is increasingly significant for financial co-operatives since they have to compete also in a steadily more integrated set of financial industries. These pressures have led to extensive experimentation with the capital structure of co-operatives and to co-operative versions of the "merger mania" sweeping the private enterprise world.

All of this can only be resisted effectively if the co-operative sector has a much clearer and theoretically sound understanding of its past, its core ideology, and its communal roles.

At the same time, there is a challenge in working out where co-operatives fit within the third sector: how they relate to mutual organisations and private social or cultural organisations. This, of course, has been a longstanding issue in Europe where it has tended to reflect national/regional divisions of that continent. On the one side, Germany and generally the United Kingdom have stood resolutely for the co-operative as a pure business form driven by the market and based on the ultimate control resting with the member/(usually) consumer. On the other, are ranged France, Mediterranean, as well as many Asian and Latin American movements, in which many people tend to link co-operatives in a seamless web with a wide range of charitable organisation and mutual organisations in the social economy, organisations which possess a wide diversity of control mechanisms.

This is a good debate – maybe it is really becoming a discussion – and it will be, I think, increasingly important throughout the world. It may have limited impact in traditional consumer, banking and agricultural co-operatives but it is significant in the development of social co-operatives. I believe that social co-operatives – for the provision of service in such fields as health, housing, welfare, childcare, and elder care – will become increasingly, perhaps even dramatically important in many countries in the future. The reason is increasing needs in societies rightly or wrongly dismantling the welfare state. For other countries, in which traditions of the welfare state are not as strong, there will be a growing demand for better levels of health care, housing and child care, assuming that their economies will be improving. They too will find value in pursuing the option of social co-operatives.

I also suspect, though there is a need to explore the topic through systematic research, that co-operative forms of public goods delivery potentially offers remarkable efficiencies and improved level of services: for example, the underlying ethos for many social co-operatives is to place more responsibilities for their own welfare in the hands of member/consumers. In other social co-operatives organized by the providers of services it is possible that their greater stake in the organisation would lead to increasing concerns for greater effectiveness.

If I am correct about the growing possibilities for social co-operatives, I think the challenge to traditional co-operatives will come essentially around issues of control and voting rights. So far, I detect three elements in that challenge (which incidentally I think of as a positive challenge). First, the new co-operatives emerge at a time when there is widespread distrust in the practices of democracy. This is, of course, more than just a co-operative issue in that it is characteristic of our times, but it particularly affects social co-operatives because, in my experience at least, many people are skeptical about basing a service organisation on democratic structures. The result is a preference for some kind of stakeholder co-operative. Closely associated with this point is the reality that the new social co-operative typically involves professional groups which either have had considerable control over their workplace or wish to have more. Thus, while they may find value in creating some variation of a worker co-operative based on their vocations, they will be suspicious of giving power over to the people they serve. These kinds of concerns have the capacity to raise most of the great nineteenth century debates over the role of labour in co-operatives, the debates that most of the movement long ago left behind.

The challenge in this, for the movement as for the practitioners in Co-operative Studies, is to understand what these pressures will mean. Minimally, I predict, they will force at least two issues to the fore. First, a much closer understanding and limitations of the stakeholder co-operative under whichever name we choose to use in addressing the issue. Second, a much more intense and I think overdue set of dialogues with theorists and practitioners in the so-called "third sector". I already see that happening in the United Kingdom, Scandinavia, and my own country.

Youth

Regrettably, I have reached that stage of life where I increasingly have to think of youth as a theoretical construct. I am no longer sure, despite my teaching profession, of the motivations of large

sections of young people and the inevitable generational differences sometimes weigh a little heavy on me: I am not at all sure when and how the separation began.

I am not alone. It is a condition all too common in co-operative circles. Co-operative gatherings are one of the few in which I can sometimes feel among the youngest in the room, a matter that of course disturbs all co-operators.

I share the widespread anxiety in co-operative circles that if more is not done to “attract youth” than the movement will die a slow death, if not as businesses than at least as good co-operatives. I wonder though if the way I just described the issue – which is the way I typically hear in co-operative gatherings – is not fundamentally flawed. Theoretically “co-operation” is not something you do to people; it is more akin to a process whereby people, young and old, explore co-operative thought and organisational structures to see if they will be beneficial to them and their societies. Thus the real question is: how reasonable is it to expect young people to see co-operative thought and structures as being of central value to their lives, in the same way, for example, that many Japanese consumers, farmers and fishers embraced the movement in the 1940s, 1950s and 1960s? Do young people today share anything like the broad-based, in some ways vocation and class-based, reasons for embracing collective behaviour possessed by their parents and grandparents? Or, is the only significant potential among those students who are moved for environmental or ideological reasons to seek mutual aid with some of their colleagues? I don't know the answers to those questions.

On a more fundamental level, I think the co-operative movement for much of the twentieth century was caught in an unannounced, scarcely noticed, struggle with various forms of unempathetic individualism. Born in the salons of Vienna, Paris, and New York, shaped by the disasters of group think during the great wars, disillusioned by the collectivism practiced in the name if arguably not the spirit of Marx, and often infatuated with the indulgences of consumerism, most kinds of individualism of the century limited the possibilities of genuine co-operation. Moreover, the rather limited theoretical base of co-operativism did not

provide an answer: to my knowledge anyway, I know of little writing on the theme of what might be called co-operative individualism except for the traditional discussions of the value of membership. I think there is some room for that discussion, probably within the studies of Philosophy and Political Economy or perhaps in an elaboration of discourse on the nature and benefits of social capital. For no segment of the population would that discussion be of greater importance, I suspect, than for young people.

In the end, the key questions about youth and co-operatives have to be asked by young people themselves. There are some promising signs. I note with interest the ways in which people who work with computers, particularly young people, embrace a co-operative ethos and, in fact, tend to create businesses on informal or formal co-operative basis. I note how they use the communications systems offered by computers in an extensive and generally democratic way; I look forward to the time when their use of such technology starts to change significantly the membership relationships within existing co-operatives.

Finally, this summer I had the pleasure of working with fifteen students on a variety of co-operative research projects. Almost all of them were new to Co-operative Studies; all of them, I think, became genuinely interested in it; a few of them have changed their future research or career goals to include a co-operative dimension. It has been particularly gratifying and encouraging to me to watch this happen. It provides yet another stimulus for me to encourage the fuller development of a rigorous and engaged field of enquiry within the academy.

Sustaining What Has Been Built

Institutional longevity is a characteristic of many co-operative movements; for good reasons, I think, it is usually considered a virtue. I realize that mergers have been a common phenomenon, but I am struck, at least in North America with the care that most amalgamated organisations take in preserving at least a sense of their traditions. More importantly, though, is the longevity of

central organisations and major co-operatives. Each year various lists of larger corporations appear in Canada. Since we have several large co-operatives, many of them appear on lists of the largest firms, either in absolute terms or on a sector basis. One of the amazing things to me is that, with few exceptions, they are among the oldest major firms in the country, typically, fifty, sixty or seventy years old. They represent generations of accumulated collective value, usually far greater than even their often large balance sheets would attest. I daresay much the same could be said of many of the movement's organisations in other countries as well.

The simple point is that the international and most national movements have numerous ancient co-operatives with proud histories and a deep tradition of service to their members and their communities. Given all the changes in the market place, in technology, and state responsibilities, one has to be concerned with the long-term future of some of these well-established organisations. Typically, they were the outgrowth of the various stages of industrialisation and were built on particular class loyalties, community relations, and communication systems. All of these underlying realities have changed dramatically and will continue to change. Moreover, the established movements have tended to develop within the isolated silos of their particular industries and, despite constant efforts and calls for collaboration, have generally stayed firmly within their own edifices emerging only briefly to make sure the common road to government remains open.

When one looks at private companies in the traditional businesses created by the industrialism of the nineteenth and twentieth centuries, a common feature is their decline if not their disappearance. They are what in North America what we tend to call sunset businesses. Without being alarmist, I wonder if in often rather subtle ways the same is not more of a possibility within co-operatives than co-operators are prepared to admit. In some ways, for example, the problems confronting older established agricultural co-operatives is that they have been tied, for good reason, to old orders of production, investment, marketing – they are not as nimble as their less traditional competitors. The same might be

said of the consumer movement, caught as it often is in marketing situations that were determined in another age.

In the non-cooperative world, there is no necessary virtue in survival – unless of course the survival we are talking about is your own. Within the co-operative world, one might assume the same applies: co-operatives exist to meet member and community needs and if the need changes or is no longer apparent, then there is no particular reason why they should survive. However, the loss of major co-operatives is more serious than that as the decline of many consumer movements in Europe suggests. As they became weaker, it seems to me a vital voice, that of the cooperatively-organized consumer, was diminished within the European movement. For me, that was a major loss for the intellectual power and moral force of the movement. Once again, the balance sheet provided only a partial understanding of what co-operative institutions represent. I think I could make an argument, for example, that it was comparable to that exercised by the consumer movement in Japan today; what would it mean for the total Japanese movement if the consumer movement disappeared? I think the enormity of what has happened in some European countries becomes evident.

Management

The question of management is much to the fore in co-operative circles today. This should not be a surprise, since the effective management of co-operatives is central to the movement in many different ways; it has never been far from the surface.

There are some specific reasons, however, why it is so prominent today. One of them must be the preoccupation with management issues in the media, in publications, and in business schools. We are living at a time I think might be called the era of business classification, the time when, as with the business class of an airplane, the most prominent feature is the separation and rewarding of the most privileged among us. It is a seductive siren, particularly so because in previous generations in some lands the businessperson was not always perceived as “the best sort”. Moreover,

it really is better to have bigger seats, more leg room and somewhat more carefully prepared food. In any event, some of that glorification of the “Business Class” age, including the perks and the escalating salaries, has inevitably found its way into the co-operative sector. In some ways it was overdue because many co-operatives tended to treat their managers rather shabbily in the past.

A second reason is that the identity process that ended at the ICA Manchester Congress was intended to have a second leg: it was intended to lead to a series of discussions, understandings, and actions on operating principles for specific kinds of co-operatives, including an educational component. In essence, that did not happen and various efforts have appeared around the world to fill the resultant vacuum.

Another reason, perhaps the main reason, is the increasing complexity of management. It has always been challenging to manage organizations, to marshal resources, and to make strategic decisions, to lead and to listen, to anticipate and to plan. Given the changes in international competition and government regulations, the way in which capital flows affect business opportunities and enhanced competition alter market relationships, the challenges accumulate and increase. The co-operative movement, therefore, is facing a very large challenge as it seeks to provide the kind of training and support for managers – and the directors to whom they immediately report – given that research on the specific and often unique issues confronting co-op managers is not as developed as one would like.

I believe the greatest need is to awaken practitioners in co-operatives and researchers in Co-operative Studies to a genuinely global effort to develop theories and approaches derived from best practices in co-operative management and, most importantly, the careful analysis of what the bedrock of co-operative values and principles says to us about management. It has to be genuinely global; for me at least, there has been too much aping of process in other dimensions of the North/South relationships of our world; there is a need, for example, to learn more from what has made so many southern co-operatives, including those in this country, successful. It has to be sophisticated and it has to be

timely. I urge those in this meeting, therefore, who are interested in co-operative management to consider how we could build an international research agenda, develop an international literature, and create educational/training systems based on the results.

Inclusiveness

There is something rather embarrassing about referring to the need for co-operative organisations to be more inclusive: to welcome young and old, indeed all people regardless of race, sexual preference, ethnic background, class, religion or politics. It is so fundamental to the co-operative quest that is difficult to understand why reminders are necessary but they are. Unfortunately, I do not see the need for reminders decreasing. If I am correct in thinking that the new forms of co-operatives are in the social field, then the need to be inclusive will become even more pressing.

Another cliché of our time is that we are living in a globalizing or shrinking world. Like many clichés, it is based on some obvious truth and it applies to the co-operative movement as it does to other movements and institutions. I believe in fact that it is, to use one of the planning consultant's favourite juxtapositions, a threat and an opportunity for the co-operative movement: a threat because others may take advantage of the trends more rapidly, a possibility because it could allow for so much co-operation and increased possibilities; it is a fundamental reason for the importance of inclusivity. Personally, I believe the opportunities far outshine the threats and they resonate well with the assumptions that have long typified the co-operative movement. From its beginnings, the movement has possessed an international perspective, limited as that was over time by the peculiar tendency of most national movements to consider their way as the "only way" and by the impact of business interests, institutional loyalties, and ideological perspectives.

In fact, the full potential of the co-operative quest will only be realized if co-operators and their movements are open to serious consideration of each other's accomplishments; if those in

established movements not only make way for, but also foster, new forms of co-operative endeavour; if they welcome those they currently ignore or shun. Inclusiveness is not just a matter of practice; it is even more a question of attitude; it could be a matter of survival. Co-operators will have to be inclusive, and in ways many never before accepted, in the years that lie ahead. Otherwise, the road in the windshield will become narrower and the dangers more fearsome. In particular, a careful monitoring of the rear view mirror will not be of much help. The crowded windscreen will have to be comprehended...a rather sober conclusion for an overwhelmed historian.

Alex Laidlaw and the Millennium¹

IT IS NOW twenty years since Alex Laidlaw delivered his report on *Co-operatives in the Year 2000* at the Moscow Congress of the International Co-operative Alliance (ICA). It was an influential document, one of the most important in the literature of the international movement during the twentieth century. Within the organisation of the ICA, it helped stimulate Lars Marcus' call for a reconsideration of the fundamental purposes of co-operative enterprise at the Stockholm Congress of 1988. It helped shape Sven Akē Bööök's monumental work on co-operative values presented to the Tokyo Congress in 1992. Its influence can be seen in the "co-operative identity page" adopted at the 1995 Manchester Congress and in the documents that accompanied it. It is central to what is being considered here and Alex would have felt at home with most of the issues that this conference is addressing.

More generally, Laidlaw's reflections encouraged several co-operative organisations and movements, most notably in Asia, to address the wide variety of issues that he had raised. One of my greatest pleasures in recent years has been visits to Asia where I have heard so much discussion about key co-operative issues: the nature of co-operative membership, the questioning of the value systems that should underlie co-operative endeavour, the challenges of co-operative management, the need to involve more women in the affairs of all co-operatives, and the preoccupations with the immense problems of poverty confronting vast parts of the region. All of these activities have developed because Asian co-operators have appreciated their importance in their own contexts, not because of the writings of a Canadian, not even one who wrote a major report on the international movement. Yet, in all those discussions Alex's name has constantly reappeared, not least because he had a reasonably good understanding of some of the Asian experience because of his many visits and assignments in

¹ Paper presented at the International Co-operative Symposium, Seikatsu Club Consumers' Co-operatives, Tokyo, Japan, October, 2000

this region. The fact that his thought would have played a significant role in these discussions would have pleased him immensely.

There are many ways in which we might consider the Laidlaw report. Perhaps the most satisfying would be to dissect it observation by observation, contention by contention. Time does not permit that here, but I would encourage you to do that on an individual or group basis. Despite what I have said in the foregoing and what I will say in what follows, I do not think that much of what Alex wrote has really been addressed adequately; many of his challenges remain essentially unanswered. Like most people, co-operators have a remarkable capacity to avoid what short-term exigencies tell them they do not have to address.

Characteristics of the Report

There are a few obvious characteristics of the report that Alex Laidlaw wrote that should be recalled.

He Was A Decent Canadian

First, I would point out Alex's nationality and his experience as a Canadian; as I have written elsewhere, I believe that background is important to any understanding of the report.² He grew up in a close, small, isolated community made up largely of Irish and Scottish families; he absorbed from that a strong commitment to the importance of community for a fully satisfying life. He was a devout Roman Catholic, although he had liberal Catholic views on most things, a perspective that was common in the church of his day, the point-of-view most commonly associated with the widely popular pope John XXIII.

He was from Nova Scotia, meaning that he came from a part of Canada with some areas caught in continuous economic crisis. As a child, youth and young adult, he lived in the shadow of the

2 Ian MacPherson, "Alexander Fraser Laidlaw: The Leadership of a Flexible Mind", Brett Fairbairn, Ian MacPherson and Nora Russell, *Canadian Co-operatives in the Year 2000: Memory, Mutual Aid and the Millennium* (Saskatoon: University of Saskatchewan, 2000), pp. 107-120.

coalfields in the eastern part of that province, coalfields that were in decline by the 1920s and usually employed workers only on a part-time basis if at all. He attended St. Francis Xavier University and returned to teach and to become principal of the high school in the community where he had grown up. Showing considerable skill as an administrator, he joined the Ministry of Education as an inspector and moved to work in the Ministry offices in Halifax in 1941. From there he found his way back to St. Francis Xavier to work in the Extension Department then led by Moses Coady, the most famous co-operative leader in English-Canada and ultimately one of the best known Canadians around the world; Coady's thought became a touchstone for him throughout his co-operative career.

In addition to his extension work, Laidlaw became active as an elected person in the English-Canadian financial co-operatives, notably the insurance co-operatives formed in English-Canada in the 1940s. He soon found himself caught in some difficult and demanding political struggles between various regional factions and differing ideological perspectives within the Canadian movement. In 1958 he became General Secretary of the Co-operative Union of Canada, a position he held for ten years. He resigned to head a Royal Commission on Co-operatives in what was then called Ceylon. Returning to Canada, he taught briefly at St. Francis Xavier and then assumed a post in the Canadian government with the federal housing authority in 1971, a position he held until 1974.



Alexander Fraser Laidlaw.
Courtesy Canadian Co-operative Association.

It was a particularly satisfying period in his life because it allowed him to play a crucial role in the development of the national co-operative housing movement. In the same years Laidlaw became rejuvenated by groups of young people in the co-operative housing movement, the service fee co-ops, and the University of Ottawa. Many of them can still be found working within the sector today. It was from that background that he wrote the report for the ICA.

The Canadian experience was important because it shaped his understanding of the nature of community, gave him an abiding conviction about the value of education, instilled in him a concern for the “underdog”, provided him with both a strong intellectual core and a set of networks through his religion, and shaped his understanding of the role of the state in co-operative matters. Like so many of his generation, however, he was also a Canadian with an international interest. He attended ICA and other co-operative/adult education events regularly from the late 1940s onward. He had two significant postings in Asia. He sustained an interest in international affairs. He was more sensitive than most Northerners of his time to the differences in the politics and culture of other societies and he was sympathetic to the immense challenges that confronted newly independent states. He was aware, as some Canadians can be, of the limited and overbearing attitudes of many North Americans, and he tried to transcend them as much as he could.

I believe this broad background and worldly experience gave him a kind of intellectual flexibility that is rare, in co-operative as in other circles. He was an abundantly practical and malleable person who realized that, particularly in co-operative matters, the only way to go from one point to another was often through a series of byways. He was not flamboyant and he seldom commanded agreement; he was concerned about process and he understood the art of compromise; he sought an evolutionary not a revolutionary road.

Those characteristics of him as a person are evident in the report; they help to explain its humane viewpoint, global sympathies, and central concerns. For better or worse, Laidlaw was

a diplomatic Canadian, possessed of broad sensibilities, a gentle mien, a twinkling humour, and a quiet optimism. If the report does not show much anger or have as much “bite” as some would wish, that is possibly as good an explanation as any: it was not in the nature of the man.

He Was Writing At A Specific Time

Alex wrote his report at a time when the world was still divided ideologically, militarily, and economically between Eastern, Western and Non-aligned blocs. The Soviet Union was still powerful as were its co-operatives within the politics of the ICA, reflected in Alex’s cautious suggestions that changes in the report could still come, probably a reaction to the pressures he was feeling from the leaders of co-operative organisations in centrally-planned countries. The Asian boom was just beginning. The private enterprise market place was sputtering, still shaking from the oil crisis and trembling as interest rates became unglued. A deep debate was beginning around the world over environmental concerns; Rachel Carson’s book, *Silent Spring*, was still a best seller; and the impacts of technological change and urban sprawl were much in human consciousness – the protest over Narita airport, for example, was ingrained in the consciousness of the people of Japan. Changing roles for women in the many societies were suggested in the report, though the implications drawn within it seem rather tame today. The impact of the computer was suggested in the report though not dwelt upon: like most of us two decades ago, Alex could hardly have imagined what the impact would become.

Throughout the world, the issue of poverty amid plenty was everywhere evident, as it is today, particularly in the South but also in pockets of the North as well. Many like Laidlaw assumed that the role of the state, the private economy, and the “third sector” had roughly been worked out in the industrialized North. I think he would be shocked to see how much support for the state as an active force in economic and social affairs has declined. It seems to me that the report assumes a powerful role for the state, a role that seems significantly removed from what is commonly accepted today.

He Had A Particular View of the Co-operative Movement

In many ways, Alex Laidlaw was a transparent person. He was deeply committed to his family. Though he never carried his faith “upon his sleeve”, he lived much of his life within his church’s orbit. He was a social democrat but he was a communitarian not an advocate of an extensive role for the state; moreover, he did not carry his politics into his co-operative work. He was a teacher by training and his manner retained much of that calling throughout his life even decades after he had left the classroom. All of these elements in his past and his experience shaped his views in the report, but the most important influence was his long experience within co-operatives and his understanding of the nature of co-operative thought.

In Laidlaw’s personal papers there is a summary of a presentation on the various “schools of co-operative thought” he made in St. Louis in 1974. In it he makes the argument for the “sector theory” of co-operation associated most commonly with Georges Fauguet and the International Labour Organisation. By that time, he had accepted it as the best way to understand and to present the co-operative case to the public and to governments. In other words, he had come to deny the utopian perspectives that could be found emanating from some European movements in the nineteenth century. He could see no possibility for the development of a co-operative commonwealth anywhere in the foreseeable future. He had little time for the school of modified capitalism then in vogue in some American circles – the approach that saw co-operatives as a variant of traditional business.

There are important dimensions explicit and implicit in the sector approach. It accepts a limited though still important role for co-operatives. It recognizes a strong if not dominant role for private enterprise in driving economic growth. It is based on a strong role for the state in meeting human economic and social needs. In short, it is predicated on the value of a “mixed economy”. It is committed to protecting and enhancing the existing sector and it advocates building incrementally through the careful development of new kinds of co-operatives. It tends to envision the state as a kind of arbiter in the economy, neutral but fair, bal-

anced but empathetic. It advocates independence for co-operatives from the state in the sense that it argues for the autonomy of co-operatives, an issue he knew was of great significance, most obviously in movements that had emerged or were rapidly expanded in the years after World War Two, less obviously in the northern countries with their long-established movements. It is an inclusive approach that seeks to link all kinds of co-operatives and embraces new co-ops as well as those that have existed for generations. It seeks to bring together widely divergent class and ethnic differences through inclusive co-operatives. It reaches outward towards an international perspective.

One does not have to read far within the 1980 report to find the co-operative sector perspective; in fact, it is hard to imagine a document on the international movement that could be any more within that tradition.³ For those with more pervasive objectives or moved by other ideological perspectives, it is a potential limitation of the report.⁴ For those who have more limited loyalties to their specific co-operative or kind of co-operative activity, it might seem hopelessly broad. It would be a mistake to think that many within the movement around the world accept completely the view that so obviously motivated Alex.

Main Assumptions

It is important, I think, to reflect upon the assumptions upon which the report was based. I believe there are two obvious clusters of assumptions that are important. The first has to do with how he saw the long-term history of the movement. He believed that co-operatives had gone through three stages of growth and change.⁵ The first was dominated by a “crisis of credibility”, the

3 Alexander F. Laidlaw, *Co-operators in the year 2000* (Geneva: International Co-operative Alliance, 1987, Second Edition), pp.41-43.

4 One might even question Laidlaw's own personal commitment to the sector approach in that there are few kinds of activities which he did not believe could be organized on a co-operative basis and he kept a list of all the different kinds of co-operatives he had seen – and the number had reached nearly 300 by the time he died.

5 Alexander F. Laidlaw, *Co-operatives in the Year 2000*, pp.8-9.

period when “small bands of pioneers” and supporting although often patronizing elites demonstrated the efficacy of co-operative organisations; their work meant that co-operation “became a good and noble cause in the popular mind.”⁶

One has to question, I think, the air of finality in which Alex viewed this “last” stage in co-operative history. It seems to me that it is a particularly selective and northern viewpoint. I think there is a constant struggle for legitimacy that is never completed. Given the dominant and varying assumptions about the “norms” of economic behaviour around the world, co-operatives continuously have always to demonstrate their efficacy and redefine their operating practices. If it was won at some earlier point, it was only in selective places, most of which have to be constantly reminded that co-operatives are credible organisations that have demonstrated and earned a prominent and deserved stature in national economies and social structures.

The second stage was characterized by a crisis of management as groups sought, often through one or two generations of failure, to establish how to manage the co-operatives they had created. Well read in the history of the international movement, he knew about the generations-long struggle to find appropriate management within the older European movements. He had witnessed a similar development in Canada, particularly in the financial sector. He had seen local credit unions, the provincial and national credit union organisations, and the fledgling co-operative insurance companies develop their management cadres. He was well aware of similar growing pains of co-operatives in Europe, and he had witnessed the same struggles in numerous countries around the world. In part, the issue was always how to define the roles of elected leadership within co-operatives, especially as employed leaders become commonplace and business operations become more complex. In part, it was the perennial challenge of managing co-operatives effectively within the traditions and philosophy of co-operativism.

⁶ *Ibid.*, p.8.

Again, I would have to challenge the apparent finality of this way of thinking about what he called the “management stage”. I doubt that the movement had reached the level of stability that is implied in the way in which Alex conceptualized the “stages” of development. I think management within co-operatives is an ongoing, perpetual challenge, and there is some danger in thinking about it as he did in the report.

Alex’s third crisis was one of identity. As I mentioned above, his report did much to raise that issue and his concern in part was why the “revision of ICA principles” in the 1990s became an *Identity Statement*. Again, though, I would urge that the consensus achieved at that time was not a final statement for all time: there is no simple answer to the dilemmas he raised. Co-operativism is not a static ideological position and for many people that is a problem: they would prefer a nicely delineated statement of beliefs that can be easily applied to co-operative organisations. I submit that, given the diversity of co-operatives and the range of cultures within which they exist, that is impossible. What was necessary to respond to his challenge was a broad and flexible understanding for the times, and I hope that is what the Manchester statement provided, at least partly.

The challenge is not over, however, and the response is only partly complete. You will recall that the original intent was to have sector-specific operating principles prepared after the *Identity statement* was completed. Only two sectors have done that, although the widespread concern about the issue of co-operative management might be seen as a way of institutionalizing or operationalizing the philosophical consensus reached in Manchester. My concern about what I see, though, is that I think the direction of the thought, the research and the teaching about co-operative management should emanate clearly out of co-operative thought rather than tending to be a mere adaptation of practices and theory emanating from the private sector. The response to the crisis he described is not yet complete.

The second cluster of assumptions upon which the report was based I think also reflect the co-operative sector ideology on which the report is essentially based. He argued that the co-

operative movement has “no power to transfer wealth”, perhaps a little overstated but in keeping with the sector approach. This point was derived, I think, from a desire that people not impose too heavy burdens on the movement by asking it to be central to the alleviation of the deepest pockets of poverty around the world. Similarly, he argued the co-operatives were “unable to act as strong agents of political change”. He also, wisely I think, emphasized “a favourable climate” for co-operative growth, thereby signaling the importance of effective, open, and supportive relationships with governments. Finally, he stressed the need to avoid nuclear war, then a more obvious though perhaps no more menacing danger than it is today.⁷

World Trends and Problems

It is fascinating to reread the chapter Laidlaw wrote in summarizing the key issues confronting the world in 1980. It still stands up very well. It exudes a kind of pessimism in the face of the population trends, increasing resource utilisation, widening economic gaps between much of the North and much of the South, continuing restraints on personal freedom, growing pressures on global food supplies, degradation of the environment, increasing concentrations of corporate power, and overheated urbanisation.

It is difficult to object to this list of problems except to say that some of them have become even more challenging. I am sure that each of us would stress different points over others, but I would particularly emphasize the widening gap between those who have more than they need and those who do not have enough; the deepening concerns over the environment; and the numerous challenges that confront us all in obtaining high-quality, reliable food supplies. I think they have particular urgency no matter how hard we try to avoid them in some parts of the world.

In part, they are the consequence of the apparently total triumph of capitalist forms of enterprise. That development during

⁷ *Ibid.*, pp. 15-16.

the last decades of the century – one that I suspect would have greatly surprised Laidlaw – has induced a kind of complacency in some parts of the world, reflected symbolically in the return of triumphant, arrogant gas-guzzling automobiles, and rhetorically in smug assurances that a correctly functioning market place will cure all our problems.

There are at least two other developments that Alex could not fairly be criticized for failing to anticipate. One was the apparently lessening impact of inflation, a particularly vexatious curse at the time he was writing. Inflation, while it became an even greater problem in some parts of the world than he anticipated during the 1980s, has largely subsided as a major concern in recent years. The second was the unexpected collapse of many centrally-planned economies at the end of the 1980s and the gradual transformation of those that remained. That development subsequently altered dramatically the geopolitical assumptions on which the report was largely written.

Laidlaw emphasized the importance of the Third World in his report and demonstrated how much “development thinking” had moved in the 1970s. It was no longer a matter of charity nor of a simple transfer of technology and know-how to southern countries. I think there is much to reflect upon in his few paragraphs on that subject. One wishes he had written more.

Similarly, I find much that still applies in the implications he saw for co-operatives amid all the changes and challenges he described. He anticipated growing pressures on many established co-operatives and increased opportunities for new kinds of co-operatives. He pointed out the growing capital formation problems found within many kinds of co-operatives. He would not have been surprised at how important that problem has become in agricultural co-operatives. He indicated how central appropriate government relations would be for future development.

I think the essential wisdom of all these points is abundantly clear but perhaps there are a few further implications we might consider. One might conclude more forcibly than he did the need for greater collaboration among different types of co-operatives and for increased international co-operation among co-operatives.

I also think he might have stressed more the prudent association of co-operatives in stimulating the formation of new kinds of co-operative endeavour, particularly in the social field. The most important future might lie with co-operatives as yet hardly evident.

Co-operative: Theory and Practice

I believe that one of the reasons why the report had such an impact around the world was the chapter on theory and practice. Beneath it rested a lifetime of labour “in the trenches” of co-operative politics, structures, and complexities. Anyone who has been similarly engaged or has even studied them significantly will realize that much is hidden in the gentle phrasing and understatement in the discussions of the ambiguities surrounding many co-operatives, the uncertainties over principles, the searching for more complete democratic forms, the apparent tensions between social and economic priorities, the quest for appropriate state relations, and the struggle for ideological consensus. Few people knew better than Laidlaw how complex all these matters were; he had spent much of his life wrestling with them, mostly in a Canadian context but to some extent in other lands as well.

While it would be instructive and useful to dwell upon the series of observations he made about each of these topics, we have time only to address his key conclusions. Laidlaw called for a clarification of the movement’s “fundamental concepts, ideology and moral claims.”⁸ As I mentioned earlier, I hope that was partly accomplished at Manchester, but ultimately it must be worked out by each generation. Specifically, I am not sure we have accomplished what he called for: a statement of fundamental precepts “set out as an irreducible minimum that applies to all types of co-operatives”. Further, I am not sure it is possible, since I think people will emphasize different parts of the co-operative tradition at different times and in different circumstances – and that is entirely appropriate. But perhaps the time has come to accept what

⁸ *Ibid.*, p.45.

we have done and to move on to thinking more deeply about what the co-operative tradition suggests about the contemporary movement's structures, goals, and dreams.

He called for a great variety of co-operatives of all sizes with special accent on the multipurpose type at the community level. I wonder how deeply this view has been shared. In the years that have followed, the momentum within the established movement seems to have been towards larger units and greater specialisation. Moreover, segments of the older movements have always resisted the idea of multipurpose co-operatives, generally on the basis that they are more difficult to operate while cross-subsidisation can detract from efficiencies and complicate operations. Moreover, the economic pressures of the later 1980s and 1990s tended to encourage co-operatives, like other enterprises, to concentrate upon their core businesses. "What business are we in?" became a mantra of the time and a simple formula for jettisoning much that co-operatives had tried to do, particularly in the North.

On the other hand, the allegedly "new" seventh principle has stimulated considerable discussion within many co-operative circles. The ambiguity around the meaning of "community", as expected, has stimulated an extensive soul searching among many co-operatives and has produced a wide range of interesting results.

For example, I think more thought and attention is being paid to the idea of mobilizing resources through co-operative action in communities, particularly those confronting adverse economic change or suffering from the withdrawal of services by governments. This issue has surfaced many times recently in the part of Canada in which I live. The fundamental challenges seems to be how to raise the kind of capital such initiatives require and, second, to figure out how to segment that capital so as to assure its responsible use within different ventures housed in the same organisation. In other words, we need to find some simple structure, perhaps like that associated with Mondragon, that can be employed in differing kinds of communities. It should not be impossible.

Alex called for the improvement of democratic practices within co-operatives in all their aspects and all their levels. I don't think

the need for this improvement has lessened and I don't think much has improved since his report has written. One positive feature, though, is that *The Identity Page* has encouraged greater attention to membership issues in various parts of the world. One of the more subtle dimensions of that page was the way in which members were put in a more prominent and active role and that has had some effect. There has also been some increased emphasis on members in the fairly widespread concern with value-based management, but the burden of that approach seems to place great emphasis on the qualities of the manager and less on elected leadership and the active involvement of members. All in all, though, I don't think the movement has responded effectively to the challenge he raised. Perhaps, too, the real need is to think more broadly about the nature of democracy; the simple measurement of turn-outs at annual meetings, widely used to measure the health of democratic procedures, may not be adequate.

I believe that Alex captured a significant point when he stated that co-operatives "that are not only economically efficient but also socially influential will have the most appeal for the new age." I think that is evident in the history of this organisation; in the successes of The Co-op Bank in the United Kingdom, in the social undertakings of Sri Lankan thrift and credit societies, in the ethical investment programmes of Canadian credit unions – the list is almost endless – it is similar to the list one would create in understanding how co-operatives are seeking to meet their community responsibilities. It has become a good business strategy; if nothing else, an obvious way in which co-operatives have been able to develop a secure niche for themselves in several kinds of markets around the world.

At first glance, Laidlaw's claim that co-operatives will greatly increase their interaction with the state may not seem to have been worked out. State support for agricultural and fish marketing systems that previously buttressed co-operatives in international markets has lessened, in some countries at a too rapid rate to permit effective reorganisation of existing co-operatives. The blurring of what were called the financial pillars – the worlds of banking, trust services, insurance, and investing – has brought

financial co-operatives under the same kind of legislation as private firms. This has hastened the homogenisation of the financial industries, incurring the risk that co-operatives will become even more like their competition and threatening the democratic and structural systems that have long characterized them. In the process the state's role has declined amid greater self-regulation and responsibility.

There is a countervailing force, however, which has become I think increasingly important in many countries. The withdrawal of the state has precipitated debates in most countries over the nature of the social net one should expect in a modern economy constantly experiencing economic change. There are, as a result, increasing opportunities for social co-operatives and an increasing need for movements to become more assertive in trying to influence social policy. There has rarely been a period in which more is possible in trying to foster new kinds of co-operatives in many countries around the world.

Alex emphasized the importance of a cohesive sector in each country. It is a reasonable goal, although it begs the question what "cohesive" means and I am not sure he answered this very well in the report. I suppose it means as much integration as possible of the wide diversity of co-operatives found in most countries, a goal that Alex struggled with for most of his Canadian career. It is not easy. There are many countries in which collaboration among different types of co-operatives is rare. Co-operative institutions develop their own cultures depending upon their kind of business, the complexity of their organisations, their place in the economy, even in some instances their ethnic origins and ideological tendencies. However, on the other side, the demands and possibilities of technological innovations, notably the computer, often make co-operation advantageous. The need to coalesce to maximize influence with government is a major incentive to increased collaboration.

It is interesting to reflect upon Laidlaw's belief that there would be need for greater tolerance for ideological differences. Undoubtedly, he was thinking about the differences between the Western and the Communist blocks and the historic debilitating

debate between western and “Marxist” co-operators that inhibited so much growth throughout the twentieth century. Given what happened to the centrally-planned economies after he wrote the report, it might appear that there are relatively few participants to engage in the dialogue.

And yet, I would argue that the need for ideological discussion remains, though it may not be on the same grounds envisioned by Laidlaw. I suggest that we live in a profoundly ideological age, hidden because of the overwhelming dominance of liberal capitalism and the commanding influence of free market supporters. Every day, it seems to me, at least in North America, policies are proposed and governments act, primarily upon ideological grounds not on objective criteria or the general interest. Much of the debate over social policy is shaped by market-oriented ideological perspectives and the adverse effects of our economic growth are ignored because of the compliant tendencies of many of those who possess power in our society. It is difficult for me to speak as categorically about the rest of the world, but I believe the same tendencies can be found in most other countries as well.

Thus, I would argue, the real need is for a stronger co-operative ideology than is currently available. Alex presented the standard understanding of co-operative thought in the chapter on world trends and in the following chapter on the performance and problems of co-operatives. He worried about the level of member interest and commitment, as did most co-operative leaders of his time, not to mention the more engaged members. He reiterated concerns over the widespread decline of member participation. He echoed complaints from generations of co-operators about the inadequacy of education programmes within co-operatives and the poor way in which most co-operatives communicate their central “message”. He advocated a more careful balancing between the responsibilities of elected and employed leaders. He called for a broader vision within co-operatives, challenging co-operators to address not only the narrower problems of their business activities but the basic problems of their societies as well. He singled out special obligations to work with the poor and to empower employees. He pleaded for greater solidarity among

co-operatives and of more concerted efforts on behalf of international development.

While it may be my own academic background and my current major interest, I come away from rereading those chapters wondering if the criticisms and injunctions within them does not cry out for something more than Alex advocates. Much of what he wrote repeats themes evident in co-operative literature for decades, in some instances a century and more. I wonder if it is enough to sustain the organisations the co-operative impulse has wrought or to stand up to the challenges posed today by dominant capitalism or other forms of social economy, let alone build the kinds of co-operatives increasingly needed in the contemporary age.

It strikes me that we may need to strive for a new way to think about co-operatives. Beneath Alex's way of thinking about the movement – and that of many others before and during his time – rests a kind of argument and discourse steeped in particular kinds of western intellectual thought. In essence, it has something of a Platonic ring to it: identify the ideal notion of the essence of co-operative thought, create rules to govern the operation of co-operatives, educate members in the philosophy or belief system and institutionalize democracy, essentially as that form of governance was understood in the nineteenth century.

This approach has much power to it and has stood the movement well in many ways for over one hundred years. Yet it implies a kind of uniformity that has rarely been achieved and that is troubled as co-operatives develop. I think we need a more dynamic understanding of the nature of co-operative action, one that is rooted in the thought of the movement yet takes more account of institutional and technological change. To do that, we need to develop a more complete understanding of the nature of co-operative thought than we currently possess, the thought as it emerged in Europe and more pressingly as it has been modified and reflected upon in other parts of the world. We also need to develop a more complete theoretical understanding of how different kinds of co-operative function, for me at least, in the five key spheres in which they function: how they relate to members, how

the serve their communities, how they associate with other co-operatives, how they relate to the state, and how they adapt conventional business practice to their co-operative reality. Instinctively and directly, I think many others are searching for a new paradigm through which to understand the co-operative experience as well, though their approaches are somewhat different.

Choices For The Future

In Part V of his report, Alex discussed some choices for the future and chose to place particular emphasis upon four priorities: co-operatives to feed a hungry world; co-operatives to create productive labour; co-operatives to encourage a conserver society, and co-operatives to foster co-operative communities.

It is not a list that I think would have been selected by many northern, particularly North American, co-operative leaders at that time. Most, I suspect, would have focused on some of the operational issues confronting co-operatives the time, such as the need for increased efficiency, the challenges of management, the growing apathy of members and the need for more capital.

The emphasis on food was perhaps the most traditional of the priorities. The fact that there are significant strengths within producer and consumer co-operatives around the world has intrigued co-operative leaders since the nineteenth century. Laidlaw, it seems to me, was repeating that ancient dream. In calling for a type of consumer co-operative that would “be known as a unique and different kind of business [serving] only members,” he was reacting, perhaps overreacting, to the service fee concept he had helped pioneer in Canada. It was a noble dream that gradually faded during the 1980s for many reasons, and it never did elicit support elsewhere; it was not apparently the solution that Alex and others hoped it would be to the conundrum of how to expand the co-operative distribution of consumer goods.

Even more generally, I do not think the international movement has proceeded very far down the road toward the priority of reorienting consumer co-operation. The consumer movement

in the North continues to weaken and its possibilities as a powerful player seems farther away than ever. The agricultural producer movement has been particularly troubled as the concentrations of power in the hands of fewer processors and distributors weaken their positions, positions that have been simultaneously challenged by declining state support.

There is, though, I think some promise in the food issue if one thinks about combinations with the third of his priorities... co-operative for a consumer society. On a personal level, I thought about this when we were conceptualizing *The Identity Page* for the Manchester Congress. I toyed with the theme of “intelligent consumption,” an idea for which I found some support but not enough to embrace it fully. It is a perspective that echoes back to thinkers and activists within the movement during the late nineteenth and early twentieth centuries. It has some affinity with the consumer theory of co-operation but it would augment it by stressing “intelligent and responsible consumption” as the underlying guide. “Intelligent” to me would mean a recognition of limits on what we can expect the world to produce and limits on what we all should expect to consume. It would also mean expanding understandings among members about the nature of production and what the possibilities and costs were of changing modes of production. “Responsible” would mean recognizing a mutual responsibility to establish means so that producers would receive fair prices, investors a fair return, and labourers a fair wage. Perhaps it is another way to think about what Alex was saying.

In any event, the provision of sufficient and reliable food continues to be one of the main issues for much of the world; signs abound that even in places where food has traditionally been cheap and plentiful, its cost will increase steadily. In a world now containing six billion and marching quickly to eight billion (unless expanded education opportunities and declining family size become suddenly more evident), it cannot be a bad strategy to focus on the food chain; an increased co-operative presence all along its length can only benefit everyone. Despite the challenges confronting the consumer and producer movement, his plea remains worth repeating.

Laidlaw's emphasis on worker co-operatives was the result of the vitality he had seen in many fledgling worker co-operative movements around the world, including Canada. He greatly admired Mondragon and, for a time, he was very impressed with the Yugoslavian worker co-op movement. It also stemmed from his own conviction about the value of productive work for a well-lived life, a conviction that came partly from his youth. He had learned it from his religion which counseled the dignity of honest toil. He had seen the bleakness in the lives of the many people in his part of Nova Scotia who had lost employment – or never secured it – in the declining coal mines of Cape Breton. Himself a joyous, unceasing, and fulfilled worker, he wanted no less for others.

Finally, Alex's emphasis on co-operative community offered a particular challenging possibilities for those engaged in the movement. In fact, I think he touched upon what are the ultimate challenges in our times. How to create a sense of community in the often arid places we are creating in our urban centres? How to ease the pressures in the burgeoning cities of the South? How to avoid the slums and alienation he saw, ironically enough, in the wealthiest cities of the northern countries? How to ensure adequate, safe water? How to develop – or sustain – reasonable social safety nets? How to create a more interdependent social fabric? How to nurture the arts, literature and diverse cultures that are the hallmarks of great cities and are too often starved in the cities of the later twentieth century, including those in the wealthier portions of the globe?

Beneath the questions and the suggestions Laidlaw discussed in his section on the co-operative community is a conviction that co-operatives can be flexible and adaptable institutions. He saw them as being able to enrich local communities by "creating a co-operative economy of micro-economy". It rings a little of the communities envisioned by the Rochdale pioneers and lost sight of as the store became the end-all for many of their successors.

It would be worth while, I think, to ask ourselves if these four priorities still seem as prominent today. If one judges by how Alex's audience responded to them, one would honestly have to

say that not much has been done globally although there are many obvious local co-operative movements that have sought to concentrate upon them, the hosts of this conference being one of the best examples. One might make similar claims about other parts of the Japanese movement and about the thrift and credit movements in Sri Lanka and the Philippines as well as other local movements in Asia. I can also think of examples of movements in most other parts of the world where some of his challenges, consciously or not, in the ways he put them or not, have been taken up. Worker co-ops have become more common, especially in the high tech industries; co-operative models have been embraced as local communities strive to sustain or improve their quality of life. In many parts of the globe people concerned about their food have found formal and informal ways to insure the kind of quality they wish.

But are they the only ones? Do they still have the cogency they had then? Are there are others that we should consider? Others we should replace them with? Add to them?

Perhaps that is the place to stop, because in the final analysis, it is probably better that another Canadian not suggest the “answers”, maybe not even the questions. Moreover, I suspect that Alex, as an adult educator, would prefer that the discussions begin.

A Concluding Comment

In this paper, I have tried to give my views, a Canadian’s views, of Alex Laidlaw’s work at the 1980 Congress. In some ways, it has been a great pleasure to do so because there is much that is still worth reflecting upon in the document he produced. We should all write documents that last as well.

Alex caught the imagination and “raised the bar” for the co-operators who gathered in Moscow. His challenges set much of the agenda for the international movement for the following two decades. His words still have much cogency despite the passage of some of the most remarkable transitional years in the century’s, and perhaps human, history.

In one way, though, writing this paper has been a little difficult. Alex was my mentor and he did much to facilitate my work at a time when I was encountering some obstacles. I admired him deeply and sought him out whenever I could; I am proud that he apparently did the same with me. Most importantly, I suppose, he encouraged me greatly in my early endeavours and – in a kind of often lonely work that most do not understand and that typically falls between what others do – that kind of support is of immeasurable value.

Thus when I query his findings and suggest possible revisions, I do so with some tribulation. Perhaps this uneasiness in questioning one's mentor and elder is particularly well understood in this part of the world. My fear, though, is not just that of an admirer and a friend being a little uneasy about becoming a critic. It also emanates from the fact that, all too often today, I find that people tend to ignore writings they hear criticized. "Find the flaw and you can ignore the rest" is somehow what I think this perverted "wisdom" amounts to. I notice it most among students who tend to think a fault or dated approach justifies ignoring a piece of writing even when it has much to commend it. It is, of course, rather lazy thinking, perhaps understandable in an age of information overload when any way to eliminate what must be read is welcome relief; perhaps a part of the consumption age in which we live; perhaps a manifestation of the hubris of youth – which after all is exceeded only by the hubris of age. In Alex's case as in many others it would be a mistake to ignore what he wrote.

But I take comfort in the belief that Alex would have welcomed my comments because they are honest – in fact, he would have expected that from me and he would have been genuinely offended by anything less. He was, in the final analysis, an educator and an adult educator at that. He enjoyed the excitement of reflective discussion, the process of testing opinion, the pleasures of expanding perspectives. He would have enjoyed being here; to hear his ideas debated, with some accepted, some modified, and some rejected. Above all, he would have appreciated the sincerity, the quest to shape a better world through co-operative action so obvious among those who prepared for this gathering. And so do I.

Section Five

Understanding and Locating Co-operative Studies

Considering Options: The Social Economy in Canada – Understandings, Present Impact, Policy Implications¹

What is the Social Economy?

For some observers the answer to this question is simple: it is the range of organisations and community structures that exists between state organisations and the for-profit sector.² Yet another common interpretation, particularly in parts of North America, is that it is another term for the volunteer sector. Neither answer is entirely satisfactory. Both, for example, undervalue the multifaceted roles of such organisations as co-operatives, organisations that bridge the worlds of not-for-profit and for-profit (in the usual meanings of those words). They do not identify the distinctive characteristics of Social Economy organisations or describe adequately the range of the institutional forms typical of the Social Economy tradition; even more, they do not provide a sufficient indication of the complex social relationships that are preconditions for the Social Economy impulse.

A somewhat more satisfactory answer, in fact the classic answer in the literature, is that Social Economy includes co-operatives, mutual associations and foundations, institutions “based on the values of economic activities with social goals, sustainable development, equal opportunities, inclusion of disadvantaged people, and civil society.”³ More recently, other definitions explore somewhat more precisely the structural characteristics and value

¹ This paper was originally prepared for Human and Resources Development Canada in November, 2003. It is reprinted with their kind permission.

² See Alan McGregor and Simon Clark, *Valuing the Social Economy: the Social Economy and Economic Inclusion in Lowland Scotland* (Strathclyde: CEIS, 1997).

³ ARIES, The European Information Centre for the Social Economy.

systems that shape the institutions and the cultures of Social Economy organisations.

The perspective from ARIES, the European Centre for the Social Economy, demonstrates this approach. It considers Social Economy organisations as being institutions with a set of distinguishing characteristics and values. To paraphrase its approach, they are institutions that are:

Open – they are made up of volunteer membership open to those able to use the organisation’s services

Democratic – their control systems are based on voting systems in which all are equal and issues are resolved through majority decisions

Autonomously managed – they are independent from the public and the private sector

Service oriented – they are primarily concerned with providing services to their members rather than making profits for their investors

Participation in profits on the basis of involvement – they distribute profits (often called surpluses) to their members or stakeholders in proportion to their contributions or patronage

Concerned about their communities – they make economic and social contributions to the communities in which they reside and they are respectful of their environment

Put more simply, the term refers to “participation institutions” that are “based on the values of economic activities with social goals, sustainable development, equal opportunities, inclusion of disadvantaged people, and civil society.”⁴ The point of “participatory,” of course, is that it means such organisations are broadly owned, that they have methods (typically democratic voting structures) so that stakeholders have a meaningful voice in governance, and that the surpluses or profits achieved through operations are at least partly distributed for the common good.

⁴ ARIES, The European Information Centre for the Social Economy.

Participation organisations operate on a continuum, spanning organisations that provide such services as housing and health, education, care for people with disabilities, and elder care to economic development through mobilizing local capital and human resources and the creation of participation firms in which workers play greater roles than in the private economy. They include large firms still manifesting member involvement after decades, in some instances even more than a century, of life. They include small firms providing employment for a handful of members, serving people with disabilities, creating employment, meeting community needs, and helping immigrant groups adjust to unfamiliar lifestyles.

This variety of organisations, their organisational characteristics, and their value systems suggests that a definition considering only institutional uniqueness is just a beginning, a convenient and necessary preliminary step, but only a partial answer, one that ultimately raises a series of other questions. In this case, the simple answer is not necessarily the best. There is a need to consider the context within which the various Social Economy organisations function; to consider what roles are played by social and human capital; and to appreciate the potential of social entrepreneurship. It is essential to understand the historical background and to recognize the diversity of the Social Economy experience.

Where Did the Social Economy Come From?

Establishing the origins and nature of the Social Economy can be like nailing jelly to the wall: one makes a little progress only to have to grab some tacks and go back to reattach a complexity coming unglued. The complexities, well worth the effort to understand and place in order, are the result of time and place – of

many times and many places. In fact, the concept of the Social Economy is part of a venerable if usually ignored tradition within political economy, a path often travelled but rarely celebrated; one that connects back to some of the earliest reflections on modern economic growth. It is a stream of enquiry at least two hundred years old.

Arguably, it begins in the eighteenth century,⁵ with the writings of Adam Smith (in his first – now less known – classic work *Moral Sentiments*), to the Swiss de Sisimondi and the Italian Ferdinando Galiani. It winds through the early nineteenth century in the writings and work of Robert Owen, Henri de St. Simon, Charles Fourier, Pierre-Joseph Proudhon, Philippe Buchez,⁶ John Ruskin and John Hobson. In France the term *économie sociale* gained popularity after being probably first applied in 1830 by Charles Dunoyer...at about the same time as it became the subject of a course of study at Louvain.⁷ It widened and broadened, becoming, by mid-century, “another way of making political economy, no more, no less.”⁸ It became commonly manifest in the emergence of Catholic social thought, easily discerned in the Papal Encyclicals *Rerum Novarum* (1891) and *Quadragesimo Anno* (1931).

Like anarchism, the Social Economy tradition became embroiled in controversies with Karl Marx and was diminished by his scorn. It nevertheless persisted, carried forward within peoples’ movements. It informed classic debates within co-operative history, particularly arguments over the respective virtues of worker and consumer co-operatives; it was central to the discussions that characterized the emergence of the international co-operative movement as the nineteenth century ended. In France, it became

5 One might, of course, go back even further: for example, to the creation of the first corporation – the cloistered communities of the Roman Catholic Church in the Middle Ages – or to the debates over “just price” that began as early as the twelfth century.

6 See J. Birchall, *The International Co-operative Movement* (Manchester: University of Manchester Press, 1997), 75-130.

7 J. Defournay, “The Origins, Forms and Roles of a Third Major Sector”, in J. Defournay & J.L. Monzón Campos, *The Third Sector: Cooperative, Mutual, and Nonprofit Organizations* (Brussels: CIRIEC and DeBoeck-Wesmael, 1992), 29-32.

8 A. Gueslin, *L’invention de l’économie sociale* (1987), p. 3, as cited in Defournay, “The Origins, Forms and Roles of a Third Major Sector”, 30.

central to the experiments of the Paris Commune in 1870 and, more broadly, in the maturing of the associationist tradition, a central theme in French intellectual circles, one that crossed over much of the country's political spectrum, left, centre, and right; one that still informs that country's intellectual culture.⁹ Arguably, it climbed its most impressive intellectual heights until recent times in the turn-of-the-century work of Charles Gide and the school of Nîmes.

Within the Anglophone world, such luminaries as William Morris and John Ruskin articulated an English version of the main elements of the Social Economy tradition; so too did such co-operative thinkers as George Holyoake, Henry Wolff, and E.O. Greening. The latter group argued that tradition against the more pragmatic views and narrower perspectives of those who would reduce the powerful co-operative vision of the late nineteenth century to the materialism and "dividend advantage" of the local co-op store.¹⁰ They argued for a larger, inclusive vision that went beyond the co-op shop – and even its federated alliances – to include a wide range of co-operative enterprises, based not only on the interest of the consumer but also that of the worker and the farmer as well.¹¹

Elsewhere, in Germany, for example, it can be found within the co-operative financial traditions associated with Freiderich Raifeisen, less evidently in the work of Hermann Schultze-Delitzsch and the financial institutions as well as the legislative framework he inspired. It was a tradition that faded as the German movement grew, though it is reviving somewhat in the present day. It was reflected in the financial co-operative traditions of Italy, amid the co-operatives associated with Luigi Luzzatti and Leone Wollemborg. It can be found vibrant and well today in many parts of Italy, most notably in the deeply imbedded community associational traditions of Emilia Romagna.¹²

⁹ Defourmy, 32.

¹⁰ See J. Birchall, *Co-op: The People's Business* (Manchester: University of Manchester, 1994) 90-107.

¹¹ Ibid.

¹² See R. Putnam, R. Leonardi and R. Nanetti, *Making Democracy Work: Civic Traditions in*

Within the co-operative tradition, the term “Social Economy” sometimes has a narrow and very specific meaning: like the term “social capital”, it can refer to the portion of the surplus (or profit) from a co-operative enterprises that is annually designated for the common good: what is left after patronage dividends have been declared and reserves allocated. In classical co-operative thought, that surplus is indivisible: in other words, it does not belong to individual members – it is the “common property” to be used for the benefit of the collectivity. In fact, it should not even be divided among members upon the dissolution of a co-operative; it should be given to a like organisation or in support of a cause associated with the basic social purpose of the organisation.

The underlying justification for this approach is the idea that, when people co-operated, they gain (hopefully) three kinds of benefits: the provision of goods and services at market rates, if not better; a return allocated to individual members based on their patronage or participation (frequently called the dividend); and the increment resulting from synergies of co-operative behaviour. The idea is – and was – that there are benefits, some financial, some social, some easily quantified, some less easily measured, that flow from people working together.

This perspective informed much of the co-operative and community-based activism of the nineteenth century and, in gradually less evident ways, the development of many kinds of co-operative activities in the twentieth century as well. As late as 1995 it echoed through the changes in the generally recognized co-operative principles as they were adopted by the International Co-operative Alliance (the international body for co-operative organisations) at its Manchester Congress.¹³

In the twentieth century the ideas and values of the Social Economy can be discerned, though rarely identified explicitly by that name, in the work of Alphonse Desjardins, George Keen, Moses Coady and Alexander Laidlaw in Canada;¹⁴ Roy Bergengren,

Modern Italy (Princeton: Princeton University Press, 1993).

¹³ See Ian MacPherson, *Co-operative Principles for the Twenty-First Century* (Geneva: International Co-operative Alliance, 1995).

¹⁴ See Ian MacPherson, *Each for All: A History of the English-Canadian Co-operative Movement*

Edward Filene and James Warbasse in the United States;¹⁵ Paul Lambert at the International Labour Organisation;¹⁶ and Don José Maria Arrizmendiarieta in Mondragón.¹⁷ It flourished in most Mediterranean countries, often as an intellectual framework for social action as the roles of the church declined. It also became widely acceptable in some Latin American countries, notably Argentina and Brazil, somewhat later in Peru and Chile. One can find perspectives analogous to the Social Economy in several Asian countries, such as Japan, and particularly in nations where Buddhist notions of community prevail. It can be found in numerous efforts by urban and rural poor to improve their lots through self-help means, micro-credit schemes controlled by the users of the credit, in some rural development schemes and in “Women in Development” programmes.

Struggling Against Stagnation: The Limits For the Social Economy in the Post-World War Two World

Generally, the solutions the Social Economy offered did not fare as well as one might have expected during much of the last half of the twentieth century. Aspects of it, such as consumer co-operatives, that had flourished in the class divisions of early industrialism lost their momentum...with some obvious exceptions such as in the financial industries and worker co-operatives generally. Rural-based movements struggled to contend with the economic forces, commodity changes and community deterioration that have marked the decline of many rural regions, especially in the Northern half of the world; they achieved only partial success amid the complexities of rural poverty in the South. The Social

to 1945 (Toronto: Macmillan, 1979).

15 See Ian MacPherson, *Hands Around The Globe: A History of the International Credit Union Movement and the Role and Development of the World Council of Credit Unions, Inc.*, (Madison: World Council of Credit Unions, 1999), 14-35.

16 See Paul Lambert, *La Doctrine Coopérative 3e éd. Augmentée* (Bruxelles : Les Propagateurs de la Coopération, 1964).

17 See Greg MacLeod, *From Mondragon to America: Experiments in Community Economic Development* (Sydney, Nova Scotia: University College of Cape Breton, 1997).

Economy lost some of its intellectual vitality and educational resources as universities withdrew from community involvement when they reduced commitment to socially active Extension Departments.

Adult Education generally, which had been the handmaiden of the Social Economy in many parts of the world, went in different directions, mostly to do with personal development rather than collective action. Social Economy developed a theoretical base only slowly and was unable to defend effectively its approaches and solutions to the economic and social changes of the time. In North America its role as a force for economic development and social progress was diminished because the emerging economic paradigm did not prize its efforts or perhaps fully grasp its complexities...and possibilities.

Instead, particularly from the 1970s onward, discourse and public policy discussions became increasingly preoccupied with concerns over market dynamism and market solutions to social questions and economic disparities. The social cohesion and collective solutions associated with the generation that had lived through the Great Depression and the trauma of the Second World War dwindled amid new forms of individualism and generational conflict. Mainstream political discourse became over simplified after the fascist states were defeated and the international ideological battlefield became increasingly polarized in the Cold War between simplified versions of "socialism" and capitalism. The Social Economy tradition, already often ignored amid enthusiasms for the welfare state and government led solutions to economic and social problems, weakened in the countries bordering on the North Atlantic. In country after country, people, governments and political parties increasingly chose between only two forms of organisations: private and public...despite its successes, they undervalued, even ignored, the possibilities of fostering other solutions through mutualist enterprise.

At the same time, the institutionalisation and bureaucratisation of many Social Economy organisations, fostered in part by the lack of creative and rigorous thought about them, weakened their claims to uniqueness and vitality. In many countries, the market-

oriented organisations of the Social Economy tradition tended to become indistinguishable from the organisations they originally intended to supplant. The standard problem confronting co-operatives in the North Atlantic countries, for example, became how to differentiate themselves from their competitors in the private sector. Member control often became questionable, elected leaders lost their prominence and much of their power, the efficacy of democratic structures within co-operatives came into question, and member education became essentially a variant of marketing.

The more obviously socially concerned institutions of the Social Economy tradition, organized to meet health and charitable needs, also suffered, partly because the volunteer labour necessary for the effective functioning was in short supply. The pressures of family life often resulted in the loss of surplus time as the income provided by a single breadwinner was often perceived to be – or indeed was – not enough. The increasing need for women to be paid members of the work force meant that their efforts, which had directly and indirectly made vibrant volunteer organisations previously possible, were not as readily available.

That same trend also helped undermine those Social Economy organisations, such as many co-operatives, that were direct and obvious participants in the market economy: for example, agricultural co-ops and credit unions. Attendance at their annual meetings, once major community events featured by intense debates and public celebrations, dwindled, attracting only the aging members of the founding generation and small bands of “true believers”. Often, their elections were decided by acclamation and filling board and finding committee positions became a challenge. The democratic core, the heart of most Social Economy organisations, was not beating as it had when its associated movements, class associations and social impulses were at their most vibrant. Ironically, the “Age of Ideologies” – from the later nineteenth century to the late twentieth century – had witnessed the diminution of ideological and institutional choice.

The Recent Revitalisation of the Social Economy Tradition

The seeds of one revolution are usually found in the fertile grounds of its predecessor; the trend started to reverse during the 1980s. To some extent, the re-emergence of the Social Economy tradition was stimulated by the desperate search for alternatives ushered in by the economic and political transformation of the 1980s and 1990s, notably the decline of the state as an assertive force and the emergence of what has frequently been called the New Economy.

The turn to “market solutions” to social and economic problems invariably encouraged many to see how Social Economy organisations could be asked to preserve and enhance civil society. The emphasis, though, was not as much on that side of the Social Economy that mobilizes volunteers to provide public goods as it was on networks of collaborators seeking employment in small co-ops or service organisations similar to co-ops competing in the market place. For many on the political right, such mobilization was the natural response to accumulating social and economic ills, even though they could be scornful of the organisational dynamics typical of such organisations. For those on the left it was the only response a withering state could allow, even though they were nervous about what it might mean for the versions of the welfare state to which they were committed.

Within the United Kingdom, many local authorities became assertive agents of economic and social growth, helping to create, for example, a “co-operative day” – more than 300 a year – many of them worker co-ops, one of the fastest rates of growth for co-operatives since the halcyon days of the nineteenth century. In the United States the growth of urban decay and the cumulative impact of the civil rights movement generated the Community Economic Development movement, which became a vibrant force in many areas though its orientation was largely within the mainstream economic paradigm.

The integration of Europe also spurred the development of social enterprises. The European Union encouraged the mingling of Social Economy traditions and, in particular, forced a more seri-

ous exchange of social traditions between northern and southern Europe. Integration also exposed a series of difficult, challenging social/economic issues, such as the problems associated with extensive immigration and concerns over social exclusion. During the 1990s, too, the disintegration of the central economies of the Soviet empire raised issues of economic growth and social policy, stimulating a search for alternative ways to foster economic growth and to find new ways to distribute public goods. Finally, the construction of the new European community necessitated the developmental policies and legal frameworks governing how the Social Economy might be fostered in the new political environment.

More broadly, it developed within the context of globalisation and what became called, somewhat controversially, the New Economy: the “silent revolution” in information processing and telecommunications; the reorganisation of work within organisations and on a network basis; the rapid expansion and integration of capitalist firms; the internationalisation of finance and investment industries; the decline of the state; dramatic shifts in the fortunes of old and new industries; the emergence of a wide range of new firms, flexible, innovative and competitive; and the growing importance of education. All of these changes called out for rethinking how the economy was constituted and how social values were affected by – and could be associated with – economic change. All of them invited responses from within the diminished but still potent Social Economy tradition.

In fact, it could be argued that among the best solutions to the associated problems and pressures was the encouragement of the Social Economy or (roughly) the third sector as it is known in some countries, an approach that appealed across the political spectrum. The most important, defining, modern work on the Social Economy, which in fact started in the 1970s, was centred initially in France, Belgium, and the Mediterranean countries. The researchers and activists involved in the flowering of Social Economy included, among others, Henri Desroche, Jean Defourny and A. Gueslin in France; Andrés-Santiago Suárez Suárez, J.-L. Monzón Campos and J. Barera Tejeiro in Spain; and Stephano Zemagni and

Alberto Zevi in Italy. During the 1970s, a series of organisations, research groups and public conferences explored the ambiguities and complexities of the Social Economy tradition.¹⁸ Most of the researchers, public servants and theorists involved in understanding the Social Economy became associated through conferences and research activities of the Centre International de Recherches et d'Information sur l'Économie Collective (CIRIEC) located in Liège, Belgium.¹⁹ It had been created in 1947 by Professor Edgard Milhaud; previously, he had founded the *Journal des Annales de l'économie collective* in 1908 (the forerunner of the *CIRIEC Review*, a key journal for the Social Economy tradition) when he had resided in Geneva.

Most of the institutions of the Social Economy also reflect in interesting ways many of the fundamental intellectual changes of our times. They have taken on new life reacting to, and being shaped by, the emergence or revitalisation of complementary perspectives within communities, among activists, and in several academic disciplines. Philosophers argue that one of the reasons for the failing of the modern economy was that it treated people as the end not as the means of economic life; in other words, the Kantian idea of the centrality of the human person.²⁰ Economists develop the field of social economics and participatory economics, while organisations and community activists embrace Community Economic Development in different forms. Business specialists explore the field of social entrepreneurship. Theologians advance the view that civilisation can only survive if a co-operative economy emerges to blunt the competition between the three dominant civilisations of our time – the West, Islam and China.²¹ Educators expanded on the idea of co-operative education through group learning, the transformative traditions of adult education and the

18 See Defourny, "The Origins, Forms and Roles of a Third Major Sector", 32-35.

19 For further information, see CIRIEC's website: http://www.ulg.ac.be/ciriec/intl_fr/index.htm

20 For example, see Mark A. Lutz, "The Mondragon Co-operative Complex: An application of Kantian ethics to social economics," *International Journal of Social Economics*, vol. 24, no. 12 (1997), 1404-1421; and Edward L. Glaeser, "The Formation of Social Capital", *Isuma*, vol. 2, no. 1, (Spring, 2001): http://www.isuma.net/glaeser/glaeser_e.shhtml.

21 Leslie Armour, "Economics and Civilisation", *International Journal of Social Economics*, vol. 26, no.12 (1999), 1455-1491.

development of communities of learning. Health specialists find significant correlations between social integration, a typical by-product of the activities of the Social Economy, and various aspects of health, the full gamut of human “wellness.”²² Urban specialists find that social capital is a key determinant of neighbourhood stability.²³ Young people search for alternative ways to develop economies while respecting difference, culture and the environment. Specialists in the Social Economy are beginning to appear in universities, even in Canada. Political scientists argue about the emergence of a “social” state to replace the troubled welfare state. Others see the Social Economy as the characteristic institutions of a new, “reflexive” modernity in tune with postmodernism and a reshaping of fundamental human relationships.²⁴

What Are the Key Debates?

As a grouping of organisations and as a field of enquiry, the Social Economy is characterized by some ongoing and probably permanent debates – just like any other set of human initiatives. Four seem particularly to stand out.

First, the role of governments within the social state – or how governments foster the Social Economy – is a matter of ongoing discussion, although there is a broad consensus that governments should lever their capacity “to mobilize and coordinate social actors and their resources.”²⁵ The questions emerge over the influence governments have over Social Economy organizations largely dependent upon them for funding: for example, in the health sector. They flow from debates over what constitutes a “level play-

22 Teresa E. Seeman, “Social Ties and Health: the Benefits of Social Integration”, *Annals of Epidemiology*, vol. 6, no. 5 (September, 1996), 442-451.

23 See, for example, Kenneth Temkin and William M. Rohe, “Social Capital and Neighbourhood Stability: An Empirical Investigation,” *Housing Policy Debate*, vol. 9, issue 1 (1998), 61- 88.

24 For example, see Mike Aitken, “Reflexive Modernisation and the Social Economy” <http://www.sussex.ac.uk/Units/SPT/Journal>

25 Peter Graefe, “Whose Social Economy? Debating new state practices in Québec,” *Critical Social Policy*, vol. 21, no. 1 (February 2001), 35.

ing field” when Social Economy organisations engage in activities, for example within community economic development, where private sector interests believe they can compete. How does the state equalize opportunities and give the Social Economy support analogous to the aid given the private sector in direct assistance and indirectly through educational and training support provided by educational institutions?

Another key debate, highlighted in the ideologically charged environment of the 1980s and 1990s was the income levels associated with the Social Economy. Was the enthusiasm for the concept just a part of the drive to offload government services, a cheap way of escaping government responsibilities associated with the welfare state? Did the jobs created pay well? Did they exploit women, in particular, given their high level of employment within social services? There were some answers to these questions – often that they created work for people previously unemployed, without significantly affecting the unionized work force...but the answers were only partly complete and focused on only parts of the Social Economy.

On a more practical level, how should Social Economy organisations secure their funding? Given that the range of Social Economy organisations is so large, there can be no easy answer to that. The state cannot and should not withdraw from helping to sustain the social safety net: the abyss of nineteenth and early twentieth century social problems yawns menacingly behind us, should we pause to look over our shoulder. But do Social Economy organisations, with their built-in means of accountability through democratic structures, offer benefits? Could the social service system we have today, with its tendency towards bureaucracy and (arguably) over-professionalisation, be improved?

Fourth, how do we measure the impact of Social Economy organisations? Do they access resources, human and financial, that would otherwise likely have remained dormant? If so, how can we measure that? How can we measure the social contribution that they make? What type of accounting system would allow us to do that? Again, there are beginning answers, though the complete answer, arguably, has not been found. One answer emanates

from the fact that Social Economy organisations must function over multiple bottom lines. While it is certainly true that no Social Economy organisation can survive if it is not operating effectively in its own kind of market, merely surviving in that market will not ensure satisfactory performance. Social Economy organisations, therefore, have developed interesting approaches to social audits and Jack Quarter and his students at the Ontario Institute for Studies in Education have recently published an important analysis of social accounting practically applied, one that tries to measure the diverse contributions made by Social Economy organisations.²⁶

None of these questions, however, has been completely resolved; none has disappeared. Nor will they do so soon: they are endemic in every effort to expand and stabilize the Social Economy and one should expect to have to engage them, one way or another, in all Social Economy endeavours. Ultimately, resolving them is a matter of negotiation among stakeholders and awakening the interest of those who until now would have scoffed at the attempt. Above all, it is a matter of understanding the dynamics of Social Economy institutions; of understanding how they negotiate their roles amid their members, with the state, in their communities, with their associated organisations – often a major consideration in the federated and associated world of Social Economy organisations – and within the prevailing management theories and practices of the day.

It is also a matter of elevating the contacts among Social Economy organisations and of increasing the knowledge base on how such institutions in different environments work at resolving such complexities. Formally and unconsciously, public and private institutions in most societies have numerous avenues and formal places of enquiry within which to share understandings, develop theories and explore alternatives; the fragmented world of the Social Economy, with very few exceptions, does not have that luxury.

26 Jack Quarter, Mook, L., & Richmond, B.J., *What counts: Social accounting for non-profits and co-operatives* (Upper Saddle River, NJ: Prentice Hall, 2003).

The Revitalisation of the European Social Economy Tradition

Despite such challenges, the Social Economy has made significant strides as a distinct sector within Europe and increasingly outside Europe. Within Europe, the co-operative sector, with 132,000 co-ops and 83,500,000 members (another 23,000,000 in the countries recently accepted for inclusion) has particular strengths in the agricultural and banking sectors: it is the strongest segment within the Social Economy. The revitalisation of the European Social Economy tradition within the European polity can be traced through a series of conferences on the European Social Economy sponsored by CIRIEC; the European Union's *White Paper on Growth, Competitiveness and Employment* in 1994, which called for an enhanced "third sector"; the creation of Social Economy Unit within DGXXIII (responsible for enterprise policy) in 1989²⁷; the World Social Development Summit in Copenhagen in 1995; the establishment of a Consultative Committee for Cooperatives, Mutuals, Associations and Foundations in 1998, and a consultation paper on "Co-operatives in Enterprise Europe" in 2001; the Secretary-General's Report on Co-operatives to the United Nations in 1996 (which owed much to European pressures);²⁸ and the creation of the EMS network in 1998 dedicated to the analysis of social entrepreneurship.

The rejuvenated idea of the Social Economy did not immediately gather as much support in Germany, the United Kingdom, Canada (outside Québec), and or the United States. In those countries, economic orthodoxy, government policies, and most business studies focussed more narrowly on a conception of the market concerned centrally with rational choice (as economists

27 See <http://europa.eu.int/comm/enterprise/entrepreneurship/coop/index.htm>. In July 2000, in the context of the reorganisation of Commission services, the responsibility for co-operatives, mutuals, associations and foundations was integrated into Unit B3 of DG Enterprise – "Crafts, Small Enterprises, Co-operatives and Mutuals". The Unit is concentrating particularly on the "enterprise aspects" of co-operatives, mutuals, associations and foundations.

28 United Nations, *Status and role of cooperatives in the light of new economic and social trends*, Report of the Secretary General to the United Nations General Assembly, 6 August 1996 A/51/267.

understand it), price, and the factors that affect price. They typically engaged in a kind of discourse in which “specialists communicate with each other on agreed terms and [attempt] to arrive at sure science.”²⁹ Cultural and social issues were de-emphasized in the elusive search for the perfect market; supply and demand were central to how the market functioned and imperfections in the market place – such as many of the priorities associated with cultural and social concerns – were to be discounted as much as possible. In matters of public policy, at least, “economic man” was rigorously separated from “social man.”

This kind of rigidity, in fact, had created problems for the Social Economy as it had developed. Co-operative movements, for example, found themselves forced to line up almost entirely in the camp of private enterprise. Typically, they competed in the market place in much the same way as their competitors. They were therefore analysed in the same way – by accountants, public servants, and researchers – and increasingly they were controlled by the same kind of regulatory frameworks as private enterprise, despite their differences, a tendency in co-operative legislation well underway by the end of the 1980s. Co-operatives also met scores if not hundreds of purposes in different jurisdictions and they varied in size from a few to hundreds of thousands of members, from assets in the hundreds of dollars to billions. Some seemed to belong in the volunteer sector, as northern Europe and much of North America liked to divide the economy, others, not least in the minds of their leaders, seemed totally removed from that world. For many other observers, co-operatives were a residue from the past, essentially private firms with some quaint variations. Without an overarching theoretical base and a framework such as the Social Economy, the movement was difficult to discern; its potential was hard to grasp.

This situation has started to change. Though the impetus came from a different direction than in its European neighbours, the people of the United Kingdom started to turn seriously towards Social Economy solutions amid the economic restructuring of

29 Arnold McKee, “Market Economy – John Paul II’s passage to the market economy”, *International Journal of Social Economics*, vol. 25, no. 11/12 (1998), 1786.

the Margaret Thatcher years. Local authorities and engaged citizens became deeply involved in fostering economic development through worker co-operatives, credit unions, local improvement organizations and a wide range of economic development programmes. Today, the United Kingdom has one of the most dynamic Social Economy movements in Europe, as does Sweden, also a country slow to respond to the stirrings of the 1980s. Recently, though, Sweden has engaged in a wide series of Social Economy organizations to address problems of social exclusion and to foster economic development.

The Social Economy Tradition and the United States

In the English-speaking parts of North America, the Social Economy tradition has long intellectual and political roots, going through cycles of enthusiasm and decline stretching back to the settlement periods of the eighteenth and nineteenth centuries. It ran through the rural and social reform movements early in the twentieth century: the Progressives, the City Beautiful movement, the maze of volunteer organisations, the grassroots political initiatives, the protest movements. It crested during the move towards social cohesion and the support for the welfare state from the Great Depression to 1970.

Attitudinal tests of youth in the 1970s, however, started to show a loss in public trust, a belief that they no longer felt they could “trust most people” – and not just those over thirty. It was a trend associated with the later baby boomers (born between 1955 and 1965) and even more obvious within the so-called “Generation X” (born after 1965).³⁰ This trend, sometimes captured in the concept of the “decline-of-community” thesis often linked to rapid urbanisation, a beloved topic among some social scientists,

30 See Wendy M. Rahn and John E. Transue, “Social Trust and Value Change: The Decline of Social Capital in American Youth, 1976-1995”, *Political Psychology*, vol. 19, no.3 (1998), 546. This volume of *Political Psychology* is a very useful introduction to the academic literature on “trust.”

had many ramifications.³¹ It included a loss in confidence in the power of the state to meet social and economic needs, a decline in voting participation, and a growing cynicism about the political process; what some have called the “democratic deficit,” the idea, as old as Alexis de Tocqueville, that excessive and indulgent individualism is one of the main threats to democratic life.

The issue entered the “mainstream” during the early 1990s, much of it associated with the work of Robert Putnam and the Civic Engagement Project at Harvard.³² His early studies on the economic and social successes of northern Italy raised questions about the roles of communities, values and associations. He and others raised the importance of social capital (norms, networks and other related forms of social connection) in the creation of human capital, community resilience and good government. His findings challenged the assumptions about the liberal state with its large bureaucracies, yet consoled liberals searching for ways to preserve social services as the welfare state was diminished. Putnam became a major public figure and his work, eloquently written, became very fashionable during the 1990s.

In 1999 Putnam published *Bowling Alone*, a volume that sold out quickly in most political capitals in Canada and the United States. In it he hypothesized that the recovery of the United States from the brink of civil discord and communal violence at the dawning of the twentieth century had occurred because of the emergence of social networks that had created the kind of social capital needed to assure civil order. He also described the breakdown of modern civil society in the United States, as he measured it, and called out for the recreation of more social capital to help solve many of the social and economic problems of our times.

Putnam’s work opened up important debates, considerable heat, and sometimes even a little light. He attracted clusters of

31 For an introduction to this literature and an essay on the complexities of understanding community in order to test whether community is declining or simply changing see, Barrett A. Lee et al, “Testing the Decline of Community Thesis: Neighborhood Organizations in Seattle, 1929 and 1979”, *American Journal of Sociology*, vol. 89, no. 5 (1984), 1161-1188.

32 There are many such academic institutes and organisations interested in analysing the challenges confronting democratic practice in the United States:

supporters drawn curiously (but, upon reflection, not unexpectedly) from the “left” and “right” of the conventional political spectrum. On the right, his analysis could be used (perhaps unfairly) to support the retreat of government from social services and the welfare state: the volunteer sector, it might be argued, could be used more effectively to deal with the problems of dislocation and social stress in modern society, thereby supporting the withdrawal of state programmes for social and economic development. On the left, it received some support because of its acknowledgement of mutualist and communitarian forces and because of his regrets about the decline of civil society in his country.

The criticisms, though, have also been significant. Some question his conclusions about the decline of social capital and community cohesiveness in the United States, arguing that it has just taken different forms. Others wonder if the ignored dimensions in his work are not the role of women – arguably the key contributors to the old economy when more women had more time to contribute without pay or, often, even recognition – and his virtual silence on the role of the state. Still others wonder about the under-consideration of the impact of racial tensions in the United States and some,³³ notably co-operative specialists, deplore his ignoring of their roles, just as they decry the work done by the John Hopkins Non Profit Sector Project for the same omission. The result, it can be argued, is that the most entrepreneurial dimension – and the most diverse segment – of the Social Economy is ignored and undervalued in his work.

Putnam’s work, however, has performed a singular service by stimulating a stream of enquiries. Many scholars have entered the fray trying to find a completely satisfactory definition of “social capital” and to establish whether it has an “economic payoff”³⁴ – typically finding out that it does. Others search for its signifi-

³³ Ian MacPherson, for example.

³⁴ See, for example, Stephen Knack and Philip Keefer, “Does Social Capital have an Economic Payoff? A Cross-country Investigation,” *The Quarterly Journal of Economics*, vol. 112, issue no. 4 (November 1997), 1251-1288; and A. Spellerberg, “Framework for the Measurement of Social Capital in New Zealand”, *Research and Analytical Report*, 2001 #14, Statistics New Zealand.

cance in rural development and in the revitalization of urban communities. Researchers with interests in the Social Economy search more assiduously into the contexts within which Social Economy organizations flourish.

Interest in the complexities of local community resilience and entrepreneurship has been further stirred by Michael Porter's emphasis on the importance of clusters of expertise in explaining economic vitality as it was in the later writings of Peter Drucker.³⁵ Within the United States there has recently been an increased interest in the range of economic/social activities that might be associated with what in other lands is known as the Social Economy. It has taken place, however, within the context of traditional "market-oriented" economic thought and, with some exceptions, emphasizes the importance of social capital and trust. Within the world of business gurus, it appears in theories of entrepreneurship and in the books of such prominent writers as Francis Fukuyama.³⁶ There is a growing recognition of the importance of the social basis to economic development and, arguably, that should result in increased interests in the institutions of the Social Economy

There is also a growing interest and understanding of what is increasingly referred to as social entrepreneurship. Despite the common tendency to consider "free enterprise" as being undertaken by "free" individuals motivated by rational considerations of costs and benefits, all entrepreneurship is socially constructed. Why an individual chooses to undertake a venture is at least partly determined by prevailing notions of what is valuable and the measurement of cost is also a matter of common understanding. Social entrepreneurship – the creation and enhancement of institutions with a strong and acknowledged concern for social issues – is particularly embedded in community contexts, though relating innovation and enterprise with community is a particularly

35 See, for example, Peter Drucker, "The Age of Social Transformation," *The Atlantic Monthly*, November, 1994 (available online: <http://www.theatlantic.com/politics/ecorg/soctrans.htm>)

36 See Francis Fukuyama, *Trust: The Social Virtues and the Creation of the Prosperity* (New York: The Free Press, 1995) and *The Great Disruption: Human Nature and the Reconstitution of Social Order* (New York: The Free Press, 1999).

challenging concept requiring further research and thought.³⁷ Social entrepreneurs are generally driven by a desire to undertake projects and enterprises that have community values. They may do so, at least in significant part, because of a charitable desire to help people facing economic and social differences (for example people with disabilities or the elderly); a desire to “give something back” after a successful business career; or a sense of “civitas”.³⁸ In the murky world of social entrepreneurial motivation, altruism can exist, indeed frequently does exist: to what extent is difficult to determine, how to measure it is still a quandary – but that does not mean that any government can or should try to ignore social entrepreneurs, or to undervalue their contribution. This line of thought, of course, has long antecedents in the writings of Weber³⁹ and Habermas⁴⁰ and current interest among researchers interested in moral and civic entrepreneurship. It is, admittedly, a difficult concept for implementation by policy makers

Another manifestation of the growing dissatisfaction with conventional economic theory is the emergence of the field of social economics. It is really, like so many groupings within the Social Economy, a mingling of different economic perspectives, with a blending of views drawn from Sociology, Anthropology and Political Economy.⁴¹ The Social Economy tradition has a particular

37 Lars Hulgård, “Social Entrepreneurs Linking Community and Enterprise”, unpublished paper, European and International Co-operatives Research Conference, Oslo, 2000, provides a stimulating discussion of this issue. See also Douglas Henton, John Melville and Kimberly Walesh, *Grassroots Leaders for a New Economy: How Civic Entrepreneurs are Building Prosperous Communities* (San Francisco: Jossey-Bass Publishers, 1997) and Gittel Vidal and Avis Vidal, *Community Organizing: Building Social Capital as a Development Strategy* (London: Sage, 1998).

38 See Henton et al, *Grassroots Leaders* and J.D. Hunter and T. Fessenden, “The New Class as Capitalist Class”, in H. Kellner and F.W. Heubeger (eds.), *Hidden Technocrats: The New Class and Capitalism* (New Brunswick and London: Transaction Publishers, 1991).

39 Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (New York: Charles Scribner's Sons, 1958).

40 Jürgen Habermas, *Knowledge and Human Interests* (Boston: Beacon Press, 1971) and *The Theory of Communicative Action: Reason and the Rationalization of Society*, Vol. 1, trans. T. McCarthy (Boston: Beacon Press, 1984).

41 See Mark A. Lutz, *Social Economics, Justice and the Common Good*, *International Journal of Social Economics*, vol.29, nos. 1/2 (2002), 26-44; and E. O'Boyle, *Social Economics* (New York: Routledge, 1996).

form in the United States, consisting of a strong if declining (at least by some measurements) commitment to voluntary activities, a strong community development tradition amid the rural poor and the urban ghettos and a co-operative movement that has over 100,000,000 members.

The Social Economy Tradition in Canada

The Canadian Social Economy exists in Québec in a form that shares much with the European traditions. Québec intellectuals, policy makers, activists, and politicians started to explore the European experience in the 1970s, and an alliance between the Confederation of National Trade Unions (CSN), the women's movements (particularly through the efforts flowing from the 1995 Women's March Against Poverty) and academic leaders (notably Benoît Lévesque and Yves Vaillancourt) emerged to support the approach. The idea of the Social Economy fitted in well with the ideology of national identity in Québec and usefully mobilized local resources for the common good.

The deepening commitment to the Social Economy was reflected in the public trade union search for the restructuring of the work place to make it more flexible and rewarding. It became evident during the 1995 Women's March Against Poverty led by the *Fédération des femmes du Québec*, which highlighted the Social Economy as a way to meet the needs of the poor and to increase incomes for marginalized women. It was seriously debated in two social-economic summits called during 1996. It was summarized in the presentation of report by the *Chantier de l'économie sociale* to the second summit. It was institutionalized in the creation of *Comités régionales de l'économie sociale* (CRES), made up of representatives from women's organisation, the public sector, businesses and the Social Economy. The *comités* are responsible for stimulating the Social Economy, for deciding on grant applications to local organisations from provincial ministries, and for negotiating the often-difficult relationships between local and provincial interests.

Outside of Québec the tendency has been to see the Social Economy in terms much more like those used in the United States. Despite efforts by Jack Quarter and others, the Social Economy is rarely seen as an integrated sector. Rather, it is divided into components that are typically dealt with separately. The co-operative movement is generally seen as a separate movement, albeit one with remarkable differences in size and purpose of its organisations. There is some understanding of the movement's contours – 15,000,000 members, organisations and \$130 billions in assets – but it is hardly a major consideration in the policy decisions of governments generally, nor is it well understood by Canadians generally. The co-operative organisations, too, generally tend to relate to government and the public as much, perhaps most often and most importantly, within the context of their type of business than as part of an integrated sector.

While older, established co-operatives generally have stable relationships with governments, new co-operatives – often the biting edge of the Social Economy – usually have to struggle to gain recognition. There is steady and increasing interest, however, in English-Canada in social co-operatives as a way to help meet health needs and to care for people with disabilities or infirmities. In the non-metropolitan areas, especially where there are often well-established traditions of community-based, usually co-operative, solutions to economic and social problems, there is an easily awakened interest in the Social Economy. There is some interest in Aboriginal communities in exploring the co-operative model, particularly when they gain assets as treaty negotiations are concluded. Recently, the Canadian Worker Co-operative Federation and the Canadian Co-operative Association (both federally and regionally) have been successful in gaining modest funds to assist in the development of new co-operatives and to assess the potential for co-operative development within marginalized communities. Finally, there is a growing and active group of researchers, including some research centres in universities, some within co-operative organisations and some independent researchers interested in the Social Economy generally: they have been very successful recently in attracting research dollars to evaluate the role of co-op-

eratives in encouraging social cohesion, in achieving success on a local level and in Canadian society generally.

Canada's interest in the Social Economy extends beyond its borders. In addition to the strong ties between Québec and Europe, Canadian co-operative organisations have a long and strong association with Social Economy organisations, mostly but not exclusively co-operatives, in other lands. Moses Coady – one of the best known Canadians around the world – pioneered (with others) in the utilisation of adult education techniques to create social and economic resources, largely through co-operative action in Atlantic Canada during the 1930s and 1940s.⁴² The Coady Institute, established at St. Francis Xavier University in 1959, has since trained thousands of field workers, clergy, and activists from around the world.⁴³ They have returned to their native lands in Asia, Latin America, and Africa to develop community-based organisations that have played remarkable roles in generating economic growth and social development.

The opening of the Coady Institute coincided with a growing interest in Social Economy organisations, particularly co-operatives, in several parts of Canada. Southern co-operatives collaborated with the then Department of Northern Affairs to help spark the development of co-operatives in the Canadian Arctic, primarily among Inuit. That movement has grown to become the largest employer of Inuit outside of government in the Arctic; an incubator of democratic learning (more than half of the members of the Nunavut legislature learned democratic practice within co-operatives); and key engines of economic growth and social development within virtually all northern communities.⁴⁴

Starting in the 1950s, the Canadian co-operative movement became further involved with international development projects engaging the Social Economy. Canadians have become very well

42 See Michael R. Welton, *Little Mosie From the Margaree: A Biography of Moses Coady* (Toronto: Thompson Educational Publishing, 2001).

43 See (<http://www.stfx/pinstitutes/coady/main.html>) for further information.

44 See Lou Hammond Ketilson and Ian MacPherson, *A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth* (Saskatoon: Centre for the Study of Co-operatives, 2001). Also available on line at (<http://www.coop-studies.usask.ca>)

known and respected for their work in this field.⁴⁵ Today, the Canadian Co-operative Association (the national co-operative apex organisation for Anglophone Canada) and Développement international Desjardins from the caisse populaire movement are involved in some forty countries around the world, using contributions from their members and funding from CIDA.

The Social Economy, though, refers to far more than co-operatives, and its extent can be at least partly grasped by looking at what is commonly referred to as the non-profit sector. A study undertaken in 1986-87, based on interviews with provincial officials estimated that there were 60,000 charitable and non-profit organisations in Canada.⁴⁶ In 1992, Jack Quarter estimated the population of registered non-profit corporations using information provided by provincial, territorial and federal governments. He arrived at the figure of 175,000, among which 66,000 had charitable status issued by Revenue Canada.⁴⁷ The discrepancy between the two studies made five years apart suggests the complexities of fully appreciating the size of the sector.

The annual filings of T1044's to Revenue Canada provide the only reliable, available estimates of the transactions of nonprofits. Nonprofits with revenue of \$10,000 or more, or assets greater than or equal to \$200,000 have been required to file financial reports since 1993.⁴⁸ The available data gives us estimates for 1993 and 1994: total revenues were \$8.7 billion (1993) and \$9.2 billion (1994); total assets were \$ 11.5 billion and \$13.7 billion; remuneration and benefits for work totalled \$1.9 billion and \$2.9 billion.⁴⁹ The accuracy of the estimates is unknown since Revenue

45 For example, see Bruce Thordarson, "Canadian Co-operatives and the International Co-operative Alliance," in Brett Fairbairn, Ian MacPherson and Nora Russell, *Canadian Co-operatives in the Year 2000: Memory, Mutual Aid and the Millennium* (Saskatoon: Centre for the Study of Co-operatives, 2000), 121-129.

46 Erwin A.J. Dreessen, "What do we know about the voluntary sector? An overview", Statistics Canada Research Paper, Catalogue No. 75F0048MIE - No. 06, (2000), 12. Available at: (<http://www.statcan.ca/english/research/75F0048MIE/75F0048MIE2002006.pdf>)

47 Jack Quarter, *Canada's Social Economy: Co-operatives, Non-profits, and Other Community Enterprises* (Toronto: James Lorimer and Company, 1992), 41, 42.

48 Dreessen, 13.

49 Dreessen, 13.

Canada cannot be sure of the level of compliance.⁵⁰ Again, the murkiness characteristic of such evaluations is striking.

Our knowledge is most precise when it comes to charitable organisations registered with Revenue Canada. In June 1999 there were 77,926 registered charities.⁵¹ There has been a net increase of 2,000 organisations during the last 30 years;⁵² if we extend this trend there would be about 86,000 charities currently operating in Canada today. In 1995, the 68,025 registered charitable organisations filed form T3010 to Revenue Canada; it gives us the following portrait of this segment of the non-profit sector: total revenue of about \$58.9 billion, of which \$34.25 billion came from Government grants and payments; religious charities constituted the largest segment of the population (43.3%), while hospital and teaching institutions received the largest component of the revenue (55.2%).⁵³

The numbers cited above give no indication of the extent of the unregistered nonprofits that are operating. In order to overcome this shortcoming, Hall and Banting used a rule of thumb suggested by Smith⁵⁴ (1997) to estimate the number of grassroots and unincorporated organisations in Canada: assuming that there are 30 organizations per 1,000 population, they calculated that there are about 870,000 such associations.⁵⁵ The challenge is to foster the growth of such organisations: to sustain those already in existence – and there are signs that the resources of many are being stretched to the limit – and to consider how more can be encouraged.

50 Dreessen, 13.

51 Michael Hall and Keith B. Banting, "The Nonprofit Sector in Canada: An Introduction," in Keith B. Banting (ed.), *The Nonprofit Sector in Canada: Roles and Relationships* (Kingston and Montreal: School of Policy Studies and McGill-Queen's University Press, 2000), 10.

52 Dreessen, 14.

53 Dreessen, 18.

54 David Horton Smith, "The Rest of the Nonprofit Sector: Grassroots Associations as the Dark Matter Ignored in Prevailing 'Flat Earth' Maps of the Sector", *Nonprofit and Voluntary Sector Quarterly*, vol. 26, no. 2 (1997), 114-31.

55 Hall and Banting, 11.

Barriers to the Development of the Social Economy Within Canada

If one groups together all the institutions that could fit within the Social Economy into a single category, then it amounts to an important part of the Canadian economy. If one anticipates the role it might play in the future, then it could become an even more significant resource in helping to resolve many of the social and economic issues confronting Canada today. It offers ways to mobilize resources now only partly employed. The Social Economy framework offers a way to think about government policy that seems to be working very well in Europe and in Québec. It perhaps offers a way in which more Canadians might usefully think about some of the country's more pressing issues, particularly in the field of social health and community-based responsibilities. It offers mechanisms that, if nurtured properly, could provide the kinds of personal and community and individual empowerment widely sought after today; it offers frameworks that have built-in systems of accountability if they are developed and sustained properly.

So, why is the Social Economy not thriving even more than it is? There are many answers that I have encountered in researching this paper and in talking to people engaged in the Social Economy:

First, the Social Economy is not "front-of-mind" for many Canadians. It needs to be discussed more in public places, in educational institutions, in government circles, in political parties and within the institutions of the Social Economy themselves.

Second, social Economy organisations need to work more at, and to be assisted more in, the practices of governance.

Third, there are some problems with funding, both from the sector and governments. Generally, I heard considerable support for the kinds of revolving funds that could grow and become a stabilizing force for different kinds of co-operatives – much like the Arctic co-operatives have developed their own funding system and the established co-operatives have found ways to stabilize their activities. I heard consistent support for the idea that fund-

ing should be aimed at long-term viability rather than the short-term meeting of needs.

Fourth, while research support for the Social Economy is growing, there are still major deficiencies in the quality and extent of research available.

Fifth, there is a need to find ways to assess the multiple ways in which Social Economy organisations contribute to their members/clients and their communities. We need better indices of effectiveness, expanded accounting systems, and increased accountability to members and other stakeholders. We need to know more accurately the ways in which Social Economy organisations train their leaders and what exactly are their contributions to their communities.

Recommendations

It is daunting for outsiders to try to understand the ways in which HRDC is involved in the Social Economy. Comprehending where the Social Economy fits into the Government of Canada, the provincial governments, and local governments is even more intimidating. Given those apparent complexities, but believing in the current and potential value of the Social Economy in Canada, I would make the following suggestions.

First, that HRDC consider whether a greater application of the Social Economy approach might add value to its policies and its programmes ... and to how it reports to governments and the public.

Second, that HRDC review its programmes to see how they touch on the Canadian Social Economy. This is not a simple or forthright task because it will require achieving some agreement on definitions and some consultation with experts in the field. The objective would be to make sure that there is a level playing field for the development of the Social Economy in all of HRDC's programmes. Obviously, there is already considerable interaction through its Employment Programs Branch and Human Investment Programs, though one wonders if the commitment to fostering

social networks, empowering groups and encouraging the development of skills necessary for developing Social Economy organizations might not be stronger.

Third, that particular attention be paid to how Social Economy organizations and the various possible Social Economy approaches might be utilized in the “Knowledge Matters” initiative. Social Economy organisations have a long-standing interest and considerable history in being and the development of skills, both general and specific, for job creation and community development. While the tools might be a little rusty in this regard there are considerable opportunities for partnership within CED and, more narrowly, co-operative networks across Canada.

Fourth, that the experience of HRDC in fostering the Social Economy be evaluated through consultation process with its regional offices and stakeholder groups.

Fifth, that, assuming that the above reviews suggest encouraging results for previous involvement in Social Economy efforts, that HRDC target some areas, based on criteria for likely success given past experience in Canada and other countries, for intensive pilot projects. One possibility might be to encourage the development of social co-operatives (delivery of health services, support for the elderly, people with disabilities, etc.) through pilot projects in rural and remote and in low income urban communities. It may be that some of this could be partnered with some of the research organizations involved in this kind of research right now.

Sixth, that HRDC assist in mainstreaming the Social Economy through developing a transparent commitment to it in its own programmes and organisational structure. HRDC would make a major contribution to the development of the Social Economy framework if it acknowledged its existence as a distinct sector bridging many kinds of enterprise.

Seventh, that HRDC heighten awareness of the Social Economy through helping to create an opportunity for “a national town meeting” on the Social Economy involving presentations on Social Economy perspectives from Québec and Europe and reactor panels from “English-Canadian” policy experts and researchers (it might be possible for some people involved in this area to create some

media space [the programme “Ideas” (?), a feature in Maclean’s (?), various talk shows (?)] to highlight the roles of the Social Economy in Canadian society today.

Eighth, that HRDC consider emphasizing the Social Economy – as a concept and as a grouping of organisational forms – in its regional fora, workshops and conferences – in other words to consider whether there might be more ways to foster group activism in the pursuit of economic, educational and social development as well as encouraging individual responsibility and initiative;

Ninth, that HRDC review whether Social Economy institutions are adequately represented on the local bodies with which HRDC works and influences;

Tenth, that HRDC consider how the accomplishments of the Social Economy might be better acknowledged and its challenges more widely understood.

Eleventh, that HRDC and its provincial counterparts in other parts of Canada consider whether the development of such organizations as the *Comités régionales de l’économie sociale* in Québec as a way to enhance the development of the Social Economy in other parts of the country.

Twelfth, that HRDC consult with SSHRC, CIHR and other granting bodies to see how the considerable research on Social Economy issues already undertaken in Canada and elsewhere might be more easily and comprehensively accessed. Both research organizations have an interest in showing the public value of the research they support and this might be a way to do so that would benefit all concerned.

Conclusion

However we understand it, we are cursed to live, in the words of the cliché, in interesting times. The growing interest in the Social Economy is a reflection of that change. It brings back different ways to understand our world, including some that have been devalued and ignored in recent times. The levels of change – local, regional, national – suggest that we cannot ignore any possibilities

for how we might restructure our economies and provide social services. What worked just yesterday may not work today. We must avoid lurching from issue to issue, swept along emotionally by media and sensitized, if not transformed, by movement politics that can become merely contentious politics.

The Social Economy is hardly a cure-all, and it is certainly not a quick fix. Canada is the poorer, however, because the Social Economy traditions it possesses are not valued and do not fit into government policy except for Québec and, haphazardly, in other jurisdictions. HRDC is ideally suited for working with the Co-operatives Secretariat and stakeholder groups in helping to provide the framework so that people in communities can take more responsibility for their economic and social health through institutions with strong traditions of local benefit and local accountability. If not HRDC, whom? If not now, when?

Why Co-operative Studies?¹

IN MAY 2003 about 170 students, academics, co-op leaders, and independent researchers from nearly thirty countries gathered at the University of Victoria to attend a conference jointly sponsored by the International Co-operative Alliance, the Canadian Association for Studies in Co-operation and the British Columbia Institute for Co-operative Studies. While researchers presented papers on many subjects, the most common focus linking many of the sessions was the field of Co-operative Studies – its nature, limitations, and possibilities. It was the first time that the loosely connected networks of people around the globe interested in co-operative organisations and thought had stopped in significant numbers to consider what, why and how they pursued their enquiries. In time, it may prove to have been a seminal event for the development of the field.

Understood more by intuition than by systematic rigour, Co-operative Studies has been referred to in the literature for at least half a century; it is used in the names of more than a dozen research organisations around the world. The field has been gaining momentum in recent years, albeit with healthy differences in various parts of the world. Intuitively, most people involved in its development have understood that the study of co-operative organisations, thought and theory has required unique mixtures of research questions, methods, and frameworks. In fact, one might suggest that the unfortunate tendency of co-operative researchers to “talk” essentially with each other about the distinct kinds of issues that concern them has contributed to the isolation of the field: its relatively low profile within the academy and even its low acknowledgement with co-operative circles. To some extent, the most ardent practitioners of Co-operative Studies have tended

¹ This article, for which Kathleen Gabelmann provided helpful comments, was originally published in the Newsletter of the Association of Co-operative Educators, in the spring of 2004. Many of the papers from this conference, plus some other papers on related themes can be found in *Integrating Diversities within a Complex Heritage* (Forthcoming)

to flock with their own kind, their songs unheard, their calls lost amid louder, more pressing and more confident calls.

The Victoria conference marked a serious beginning to the effort to think more systematically and rigorously about the field of Co-operative Studies: to consider its key contemporary questions, to discuss its most useful methodologies, and to think strategically about its future development. While considerable progress was made in discussing the key questions and some of the methodologies, less progress was made in examining the field's strategic development, perhaps because of the complexity of the issues involved. Among other concerns, envisioning the field's growth means answering the complex question of why the field is important...why Co-operative Studies matters.

The nature of the field is implicitly understood by most of its practitioners. One of its chief characteristics is its basis in genuine interdisciplinarity. The movement, for example, has a strong historical dimension: its varied schools of thought, socio-economic contexts, and organisational forms reflect diverse origins and differing historical development, patterns that remain even amid transformational changes in any given age, including our own. The discipline of history, therefore, has several meaningful roles within Co-operative Studies, despite the fact that most historians are troubled by the fact that the field – not least in the need to fashion a dialogue between the past and the present – involves a constant exchange between practice and theory, potentially a sullying of the safer bystander role preferred by most historians.

More obviously, though, the field engages considerations of managerial practice within co-operatives. Strangely enough, given the movement's size and importance in countries like Canada and around the world, this is a dimension that has been inadequately developed, though the concerted efforts by many in recent years, such as those at Leicester University in the United Kingdom and St. Mary's University in Canada, are welcome efforts to overcome those deficiencies quickly. The relatively few specialists in co-operative business practice, however, are still too few to form a critical mass and they address issues rarely considered in the main journals of their profession. They work with organisations

whose diversity and complexity of practice are not easily grasped by “outsiders”, even those in business studies. Most importantly, thinking of the Canadian situation, only a few business researchers, such as Lou Hammond Ketilson, Michel Lefleur and Daniel Côté, build their analysis on the bedrock of co-operative theory and co-operative concerns; most simply adapt a contemporary body of business theory to co-operative organisations, in other days, for example, Management by Objective, more recently, “Total Quality Management”. These applications have often produced interesting and useful results; equally, they have sometimes ignored or deprecated important co-operative nuances. All too often, the co-operative as a distinct type of organisation, with its own kind of organisational dynamics derived from principles, values, and context, has been homogenized into the kinds of organisations for which it was envisioned as an alternative.

There are even greater limitations in the ways in which the discipline of Economics connects – or does not – with Co-operative Studies. While some agricultural economists and developing bands of social economists are to some extent exceptions, the overwhelming majority of economists in North America do not take co-operatives seriously. Since the decline of institutional economics (which admittedly shows some sign of a comeback) and the eclipse of Keynesian policy frameworks, mainstream economists have paid little attention to co-operatives. Restricting their analysis to labour-managed firms (some of which are co-ops), occasionally broadening their purview to include producer co-ops, they ignore most of the movement, notably financial, consumer, and social co-ops. Typically, they do not take account of the social roles and unique organisational structures of co-ops, thereby trivializing one of the two central reasons for the movement’s existence. They generally fail to recognize, as do, for example, Stephano Zamagni and Stephen Yeo among others, that co-operatives form a vital part of the Social Economy, itself (arguably) an essential component of any smoothly functioning market economy.

The weaknesses emerging from a stilted historical understanding, limited analysis by business scholars, and near total avoidance by mainstream Economics have profound implications. They

mean that co-operatives have developed more in imitation of conventional business than in accordance with their own “inner light”. They have meant that co-operative law and accounting, essential framework disciplines for the operation of sound co-operatives, have lost much of whatever appreciation they may have had for “co-operative differences”, preferring to homogenize practice within co-operatives with that of investor owned firms. They help to explain why post-secondary institutions have been deplorably inadequate in many jurisdictions in researching into, and teaching about, co-operative enterprise and thought. Perhaps most importantly in recent years, they have meant that public debate and policy formation about co-operatives has often been stilted, ritualized and disjointed. Without a strong base in economic thought and development theory, those speaking for co-operatives to government and the public have too often been forced to rely upon assertions of importance and memories of past glories.

Enhanced historical enquiry, more, better situated co-operative business studies, and broader economic analysis, however, will not be sufficient – especially if those involved continue past practice of talking essentially to their own kind. That is partly why the field of Co-operative Studies is important: it can provide the framework through which the parts could be made into a greater whole.

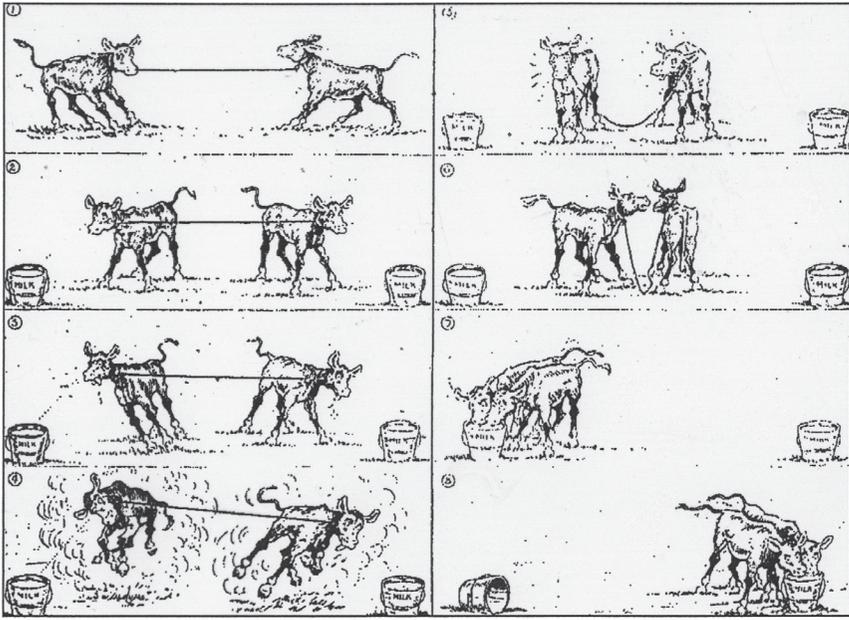
Moreover, Co-operative Studies demands deeper analyses of the various strands of co-operative thought (within a global and not just North Atlantic perspectives), a task but barely begun. It also requires a fuller appreciation of the social, economic, political and cultural contexts that underlie both formal co-operative organisations and the fostering of co-operative behaviour. Hence, there is need for historians of ideas (if not philosophers), more sociologists and anthropologists, a greater participation by political scientists, involvement by legal researchers and policy analysts concerned about providing appropriate frameworks for the development of co-operative enterprise.

And, at the end, the expanded research and the building of a field of enquiry only has validity, only achieves one of its key goals, if it translates into improving, diversifying and expanding the application of the co-operative model. The ultimate connection

to practice, a fundamental tenet of Co-operative Studies, means that those concerned with helping people associated with co-operatives to meet their training and educational needs – roughly, those engaged in what is called Human Resource Development – are central to the development of the field. They share in the design, often the implementation, of the research; they offer reflections on the current dynamics within co-operatives; they validate – or not – much of the research that is produced; they communicate the results of that research which is immediately useful to the diverse groups associated with co-operatives.

While in some forms Co-operative Studies has all the attributes of an academic discipline – its own questions, adaptations of evolving methodologies, and blending of bodies of knowledge – it also must be a resource for current practice. It must, therefore, be a constantly evolving, continuously broadening and relentlessly deepening field of enquiry. Only then will it be welcomed in the academy, a force in public discourse, and a useful tool for empowering people. In an arid and windswept world, only a deep well can provide the staff of life.

One Path to Co-operative Studies



A LESSON IN CO-OPERATION

About the BC Institute for Co-operative Studies

Based at the University of Victoria, the British Columbia Institute for Co-operative Studies (BCICS) is a catalyst for research, learning, and teaching about co-operative thought and practice. We seek to understand how the co-operative model functions within different communities and economic contexts to empower people to meet their economic and social needs.

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