



*Canadian  
Co-operatives  
in the Year 2000*



*Memory  
Mutual Aid  
and the Millennium*



*edited by*

BRETT FAIRBAIRN

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*Canadian Co-operatives  
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Brett Fairbairn  
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Centre for the Study of Co-operatives  
University of Saskatchewan



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*In its essence, Co-operation is not an economic system or device, but a Movement, by means of mutual self-help, seeking to improve the quality of mankind. It has the capacity, it is true, to provide a better living, and to improve the environment of the people, but to the end that opportunities may thereby be provided for the living of better lives. Man surely has as much right as a plant to an environment best suited to the cultivation of the qualities inherent in him.*

George Keen, *The Canadian Co-operator*, March 1928, 5,  
as quoted in Ian MacPherson, *Each for All: A History  
of the Co-operative Movement in English Canada, 1900–1945*  
(Toronto: Macmillan, 1979), 86.

## *Introduction*

**I**n 1980, at the twenty-seventh congress of the International Co-operative Alliance in Moscow, noted Canadian co-operative leader Alexander Laidlaw made a presentation entitled “Co-operatives in the Year 2000.” In his remarks at that historic occasion, Laidlaw sketched some of the prospects and issues facing co-operatives around the world. He used the year 2000 as a symbol for the future, a year that seemed remote and Utopian at the time, but towards which Laidlaw wanted to focus the imagination and energy of the co-operative movement.

The turn of the millennium is now upon us, and apart from the anniversary of Laidlaw’s speech, the last year has seen three other significant dates for Canadian co-operatives: the one hundredth anniversary of the Desjardins movement of caisses populaires (people’s banks) in 1999–2000; the congress of the International Co-operative Alliance (ICA) held in Québec in August–September, 1999; and the ninetieth anniversary of the Canadian Co-operative Association or CCA (its predecessor, the Co-operative Union of Canada, was founded in 1909). Such events are occasions to look back and also ahead, to take stock of co-operatives, where they have come from, and where they are going. The present volume seeks to do so in a Canadian context by focussing on the past and future of co-operatives in this country, but not ignoring its connections to the world.

We should add that the book is written for an English-speaking audience. Essays and reflections on the Québec and Francophone co-operative movements are included because their experience has taught a great deal to Anglophone co-operators. The editors are convinced that there is much more for English-speaking co-operators to learn from these movements. For the same reason, although the book is about Canadian co-operatives, we include articles that reflect upon Canadian involvement in the international movement. We believe that co-operatives learn much about themselves when they learn from others, when they compare, contrast, and share; when they work together for mutual benefit.

The articles in this book show that there is no one, definitive account

or point of view on the nature of the Canadian co-operative experience. The editors are not trying to provide one. Instead, we aim to present a range and diversity of insights and opinions in the belief that there is much that the Canadian movement can contribute to the thinking of the international movement. The essays in this volume are of different kinds: some are informational and statistical, some are based on practice and experience, others are personal opinion; some are written by academic researchers, others by officials or co-operative leaders. We asked authors to be lively, distinct, different, and diverse, and they rose to this challenge.

Past and future: on one hand, the Canadian co-operative movement's memory, its history, its sense of its own identity; and on the other, the constantly receding future, the visionary horizon—the millennium. Between these two poles are some enduring themes and ongoing challenges for co-operative organizations.

### ***Mutual Self-Help: Change and Leadership***

Seen in one way, co-operation is a form of self-help for individual advantage. In general, co-operatives that do not provide discernible benefits for individual members are not sustainable. But the unique character of co-operatives arises from the pursuit of objectives that can be attained only through mutual aid. In other words, people have to learn to associate in order to advance themselves as individuals. Pragmatists view this as a simple fact of life; idealists as a mechanism by which nature teaches us to approach one another more closely. Either way, co-operation is a capacity embedded in people and a possibility implicit in our physical, social, political, and economic environment.

But co-operation rarely happens naturally or spontaneously. It comes about under specific circumstances, and because someone makes it so. To organize mutual self-help, to institutionalize it in a well-functioning co-operative, requires that members and leaders negotiate difficult questions of common purpose and collective action. Usually there are two key elements in holding such a project together: a shared common vision of changing some aspect of society; and leaders who can focus members' efforts on the common task. The themes of change and leadership are two of the threads running through the many different contributions to this book.

Our main focus is the issue of how the Canadian co-operative movement facilitates and adjusts to change. This involves past changes, how they were surmounted, how they are remembered; but it also involves anticipating what the movement will try to do in the future.

Change for co-operatives is a two-edged sword: there is the change exerted by co-operatives upon their environment and their members, and there is the change exerted by the outside world upon co-operatives. Neither

kind of change exists without the other, for it is only in engaging the wider economy and society, only in being changed as they do so, that co-operatives make a significant impact on human conditions. Some may tend to see the interaction of co-operatives with the wider world as impure, as a dilution of a co-operative essence. Strains of Utopianism have always been present in the movement, and in fact have helped co-operatives at times to maintain their focus and identity, particularly in periods of general failure and hopelessness. But at root, the editors and most of the contributors to this volume see the engagement of co-operatives in the world not as their dilution but as their fulfilment. That co-operatives are changed in the process, that they sometimes fail in one sense or another, that their success sometimes leads to their own demise, all this is part and parcel of their reason for existence.

To stress change as a theme is to stress that co-operatives have no one programme, no one model, no one structure. The co-operative movement is not an orderly, cultivated field of identical cabbages, but something more like an English wildflower garden. Exotic and common blooms, in ragged patches or thickly overgrown, and at different stages of development, co-exist in riotous diversity. If there is a pattern, it is not exactly planned, but is at least as much an artifact of climate, soil, and the accidental dispersal of seeds. Everything changes, but not all in the same way, or at the same rate, or according to a common plan.

Change implies not only the diversity, but the contingency of co-operative development. Change is not foreordained or predetermined. Choices matter. Events matter. It is difficult to describe the ebb and flow of co-operatives according to impersonal and fatalistic laws; they ebb and flow according to the attitudes, behaviours, and decisions of members and leaders, all of whom are people. Perhaps people do not make their own history entirely as they wish, but they do make it. They are affected by what happens around them but they decide what their reactions will be. To believe in the possibility of change is essential to the continuation of co-operatives. Only acceptance of the idea enables the necessary sense of personal and collective responsibility on the part of leaders and members; only this sense of responsibility makes mutual self-help work.

A secondary theme, related to the theme of change, is leadership: the kind of personal and institutional leadership that has been, is, and will be required for co-operatives to negotiate changing times and new challenges. Leadership of course invokes images of Alexander Laidlaw, Moses Coady, George Keen, and of Alphonse Desjardins. Leadership also brings to mind many other past individuals, some prominent and some obscure. And it brings to mind the role of women in the development of co-operatives, and the need for the movement today to encourage the active leadership of women at local, regional, and national levels. It raises the issue of what kind

of leadership—and for what purpose—should be provided by the national organizations of the Canadian movement.

Leadership is at least as diverse as co-operatives themselves. Leadership is sometimes obvious, and in certain times and places takes the form almost of a charismatic cult of personality, whereas in other times and places, it is exercised unobtrusively, almost self-effacingly. It has often been given with unrelenting optimism and dedication beyond what might reasonably be expected. Yet the function of leadership is in every case crucial to the success of co-operatives. Our hypothesis is that the critical function of leadership is to maintain focus on common objectives, and that such focus is more important in times of rapid change than in times of gradual change. When the pace of change shifts, other modes of leadership may have to be invented or rediscovered.

According to needs and circumstances, the co-operative movement has had many kinds of leaders and many kinds of leadership. It may require new kinds in the future: new leaders, or leaders driven by new ideas. In assembling the essays in this book, we have aimed to reflect at least some of the diversity of leadership as it has existed in the past and as it may be required in the future.

### **Memory**

One group of contributions in this volume addresses the Canadian co-operative movement's history, its past, or—as we prefer to call it—its memory.

Memory, in many ways, is identity. We are what we remember. It is difficult to conceive of a sense of self, of identity, of pride or self-confidence, without a memory of past experiences. Yet memory has often been neglected in co-operative movements in recent decades. There has perhaps been a feeling that awareness of past accomplishments and ideals may be a hindrance to change. Or perhaps the past is an embarrassment: the idealistic visions of bygone eras may hold up standards that seem impossible for present-day co-operatives to live up to. We believe that such assumptions are mistaken. Above all in times of challenge and change, co-operative movements, like people, need a secure sense of their own identity, of past accomplishments and lessons learned.

Of course this view of the past should be dynamic, not static. To understand the challenges that were faced in the past does not mean one is unable to recognize how present-day challenges may be different. The collective memory of a co-operative, or of the co-operative movement, is not a rote memorization of ways of solving problems, but more like a repository of stories that are rich in different meanings. We retell these stories, and interpret them in new lights as we experience new things, in order to confirm and reassert our shared identities under new circumstances. It is tempting

to say that the loss of story-telling in the co-operative movement, the routinization of history into stale and official recitals, is related to a loss of confidence and purpose. Co-operative leaders and members should both keep telling stories about their past, and keep innovating to meet present-day challenges.

Memory is an active process, not a passive one. We don't just remember things "as they were." We don't just blank out our minds in order that a definite and unchanging past miraculously fills the void. We construct memory by actively and selectively recalling certain things. And in different times and places, for different purposes, we construct memory in different ways. This is not manipulation or dishonesty; it is the nature of remembering. We always remember with a purpose in mind, and there is nothing wrong in that; in fact, it is deceptive only if we pretend we are doing otherwise.

Changing times—and perhaps all times are changing times—require us to make a conscious effort to remember the past in new ways, to highlight things we did not highlight before, to draw new lessons as well as old ones. One of the purposes of this book is to provide some urging for active remembering, precisely in the midst of today's challenges to the co-operative sector.

### ***The Millennium***

The millennium, we have said, is a symbol for the future. How do co-operatives face the future? A short answer would be: they meet it with soul-searching, with some dissent, by awkward experimentation, and by making careful choices about where and how to innovate. They make it by changing in some ways in order not to change in others. They meet it by re-thinking what they do.

The concept of a paradigm shift has been reduced to a cliché, and yet there are few enough ways to express the kind of flip in perspectives, the leaps in understanding, the lateral thinking that may be required in order to meet new challenges. Several of the contributors in this volume reinforce each others' messages about the kinds of new understandings that co-operators need to achieve: new models of organization, new concepts of membership and participation, new technologies and economies, the reconceptualization of the co-operative character as a marketing advantage rather than as baggage. Whether this amounts to a paradigm shift can be debated; but there seems to be a growing sense that a decisive turn, a reorientation, a break with at least the recent past is required. Numerous contributors also suggest what must not be changed, but rather preserved or reinvented in new and vital forms: member orientation, member democracy, member service, among other things.

At this time, it may well appear that much of the co-operative move-

ment's discussion is defensive, and perhaps the contributions in this volume reflect some of that. The focus is more on how co-operatives must (or must not) change to suit the world, not on how co-operatives will change the world. That is to be expected in the aftermath of the 1990s, and may well prove to be simply a stage in a cycle. But even at the current stage in the current cycle, there is hope, and vision, and confidence in lofty ideals. Co-operatives are not afraid of the future; they are looking for the right strategies to make their own future. If the Utopian strains of the movement are currently a little quiet compared to the pragmatic elements, there seem to be growing themes of hope and opportunity.

As a symbol of the future, "the millennium" is constantly receding: it is an ideal that never arrives. But as a turning of pages on a calendar, the millennium is here, at least for those who use conventional Western dates. Like all such turnings of pages, this one is attended by nostalgia and hope, regrets and new commitments. We would like to finish in this mood, by reviewing Laidlaw's hopes for the millennium twenty years ago.

### ***Laidlaw after Twenty Years***

In retrospect, it is striking both how much and how little has happened since Laidlaw's day. The world has been transformed by recession, globalization, and the collapse of Soviet Communism, creating a confusing and uncertain environment. People are in many ways as anxious today as they were during the Cold War—parents for their children, young people for their futures—but they are afraid for different reasons. International markets lay waste to employment and to currency and commodity prices. Old industries decay while new ones flourish—information-based industries that often seem incompatible with traditional ideas of production, labour, and management. Waves of global migration emphasize the interconnectedness of the world, while also provoking hostile backlashes from anxiety-ridden populations. Fears of social decline are articulated in concern about crime and social change, in heightened individualism and me-first attitudes, at times seeming to drown out any hope for shared progress. While the end of the Cold War should open up new possibilities for co-operation, freed of dualistic and artificial ideological constraints, it seems at the same time to remove many of the fixed referents by which co-operatives charted their course in the past.

Meanwhile, the challenges that Laidlaw identified for co-operatives in 1980 remain challenges today; if anything, they have become more urgent while co-operatives have been largely preoccupied with more immediate concerns.

When Alexander Laidlaw reviewed the condition and prospects of co-operatives twenty years ago, he based his insights not only on his background and experience in the Canadian co-operative movement, but also on his extensive understanding of co-operatives elsewhere in the world. According

to Laidlaw, co-operatives had surmounted two great challenges in their history, and faced a third, new one.

The two challenges previously overcome were, first, a crisis of credibility, and, second, a crisis of management. By credibility Laidlaw meant the establishment of co-operatives as practical, desirable, and legitimate. Through decades of patient education, organization, experimentation, and development, co-operatives “became a good and noble cause in the popular mind.”<sup>1</sup> But this crisis was followed, in the midtwentieth century, by a “managerial crisis”: a need to prove that co-operatives could be soundly run, “as efficient, up-to-date, and modern as other business systems.”

By the time at which Laidlaw was writing, he believed this second crisis to have been overcome. But the technical proficiency of co-operatives—precisely their up-to-date and “modern” character—helped introduce a third challenge, conceptualized by Laidlaw as “an ideological crisis,” about which he wrote the following:

It arises from the gnawing doubts about the true purpose of co-operatives and whether they are fulfilling a distinct role as a different kind of enterprise. If co-operatives do nothing more than succeed in being as efficient as other businesses in a commercial sense, is that good enough? And if they use the same business techniques and methods as other businesses, is that in itself sufficient justification for the support and loyalty of members? Moreover, if the world is changing in strange and sometimes perplexing ways, should co-operatives change in the same way, or should they not strike off in a different direction and try to create another kind of economic and social order?

(p. 9)

One would have to say that these questions have become only more acute in the last twenty years. On the one hand, in developing countries, co-operatives are associated with apparent widespread failures, so that much of the hope once attached by outsiders (and perhaps by members) to the co-operative model now seeks other outlets. On the other hand, in developed countries, economic instability, changes in technologies and processes, and competition from huge firms have only become more prominent, to the point where many co-operative leaders must wonder when they will have the luxury of a breathing space in which to think about their ideology.

In raising such difficult questions, and in so clear and direct a manner, Laidlaw was performing an indispensable function as a co-operative leader, not only for Canada, but for the organized world movement. True to this role, he left his listeners and his readers not only with this large challenge, but with suggested directions for focussing their energies. His appeal may have opened with three challenges, but it ended with four “priorities,” or recommendations, and with ten questions for co-operators to consider.

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Here, in brief, are Laidlaw's four recommendations from 1980:

1. In the years ahead, co-operatives everywhere should concentrate especially on the world problem of FOOD, all the way from farming to consumer. It is an area of great human need in which the co-operative movement is in a position to give world leadership.
2. Workers' productive and industrial co-operatives are the best means to create a new relationship between workers and the workplace, and to bring about another Industrial Revolution.
3. The traditional consumers' co-operative should be oriented in such a way that it will be doing something more than merely trying to compete with a capitalist business. It will be known as a unique and different kind of business and will serve only members.
4. To serve the urban population, there should be a cluster of many different kinds of co-operatives that have the effect of creating villages within the city.

(p. 66)

Laidlaw's ideas mark him as a visionary: co-operatives were to be a tool to feed the world and end hunger by the year 2000; to bring about, through worker ownership, a transformation of society equivalent to a new industrial revolution; to reinvent and revitalize the traditional consumer co-operative; and to link co-operatives of different kinds together to create "co-operative communities"—one of the movement's oldest ideals—within open and pluralistic urban settings. It would be safe to say that all these ideals, at least within a time frame of twenty years, are somewhat Utopian. It is also true that such visionary goals have guided effective co-operative movements from the outset and have spurred them to their accomplishments.

Laidlaw also left his readers with ten "major issues and crucial questions":

1. Where are the leaders for future development?
2. Will co-operatives be able to communicate their message?
3. Can education be stimulated and enlivened?
4. What is the proper role of government?
5. Where will the necessary capital come from?
6. Will a special kind of management be needed?
7. What of the place and role of women in co-operatives?
8. Who will aid Third World Co-ops?
9. What of the ICA in the future?
10. What is the relevance of co-operatives to the future?

(pp. 68–70)

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With these questions, Laidlaw was tactfully and somewhat gently inviting co-operatives to pay attention to the critical issues of survival and reproduction of the movement. His questions have not gone away. They have been heightened by the hastening impact of international capital flows and the escalating ascendancy of capitalist markets. Indeed, his list includes many or most of the concerns raised by the contributors to this volume. Ongoing organizational restructuring, the marketing of the co-operative advantage, structures for capital investment and democratic control, management and leadership, women's participation, and international development, remain central concerns. As various authors show in this book, Laidlaw's questions remain open.

One might even say that co-operatives have been so preoccupied by the economic turmoils of the last two decades that they have not yet begun seriously to address the challenges Laidlaw identified in Moscow in 1980. There have been new insights on many questions, to be sure. The Canadian and international co-operative movements have developed a much clearer consensus about the role of the state in co-operative development, reflected in the ICA's 1995 statement of principles and the additions of "autonomy" as a distinguishing part of the co-operative identity. There have been many experiments with new ways to raise capital. There is a better understanding of how co-operatives could or ought to progress in developing countries—an understanding based on past failures as well as on present-day successes and international partnerships. Other questions have been much talked-about, yet—in Anglophone Canada at least—change or innovation has been limited for the most part to new sectors. This includes the tapping of new leadership groups, the advancement of the role of women in the movement, co-op education, and the communication of the co-operative message to the wider public.

We have to conclude that Laidlaw's visionary priorities and questions remain relevant as signposts towards future paths of development for the co-operative movement as a whole.

Behind Laidlaw's clusters of priorities and urgent issues, we have identified two overarching themes for the purposes of this book. These are the issues of leadership and of the tension between the past values and future structures of co-operatives. Laidlaw not only problematized both issues in his speeches and writing, he also epitomized them. He was a leader himself, one from a historic background in the co-operative movement as a participant in the famous Antigonish Movement in Nova Scotia. Yet Laidlaw embraced change, and attempted to look ahead as a visionary into the future of the movement.

In this sense all the essays in this volume—diverse and lively (we hope even controversial) as they may be—are tributes to Laidlaw's spirit and memory. The editors hope that the contributions will be read with this in mind. This

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book is a collective picture, a collage or a mosaic by people who know and care about co-operative movements in Canada, who understand the place of Canadian co-operatives in the world, and who want to reflect on the incomplete achievements of those co-operatives and on their ongoing aspirations.

If there is one thought we want to capture in presenting the book in this way, it is the following: co-operatives face a permanent, unresolvable, and creative conflict between their traditions and their expectations of the future. This conflict is a good thing. It is something to be embraced and understood, and to which pat or easy answers are to be rejected. If co-operatives take their history for granted, or fail to develop a vision of the future, then they forget who and what they are—surely this is the essence of the ideological crisis referred to by Laidlaw. Co-operatives need both elements—an active collective memory and a sense of the millennium—in order to understand themselves. The energy of co-operative movements derives from the tension between their memory of what they have been, and their vision of what they might become. It is the main function of leadership to embrace and build upon that tension.

***About the Editors***

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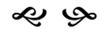
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***Endnote***

1. This and all following quotations in the “Introduction” are from Alexander F. Laidlaw, *Co-operatives in the Year 2000*, presented at the 27th Congress of the International Co-operative Alliance, Moscow, October 1980 (Ottawa: Co-operative Union of Canada, 1980).

PART ONE



# *Memory*



*Generally speaking we Canadians are, I fear, unacquainted with Economic History and Economic Literature. We are therefore prone to face the new problems now pressing upon us, not as students of world history but as children of a quite recent and local pioneer past; and to imagine that the problems which we are now called upon to tackle are new to the world, whereas, in all probability, they have been thought about, written about, and experimented with, for generations by people elsewhere... Carlyle said many years ago that History was Philosophy teaching by Experience, and surely both as co-operators and as Canadian citizens we should make some attempt to avail ourselves of the accumulated experience of humanity.*

W.C. Good, presidential address to the  
Co-operative Union of Canada, Annual Congress, 1932,  
in *Farmer Citizen: My Fifty Years in the Canadian  
Farmers' Movement* (Toronto: Ryerson, 1958), 259–60.

## ***Raiffeisen and Desjardins***

### *Co-operative Leadership, Identity, and Memory*

*Brett Fairbairn*

*Professor of History, and Director,  
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**F**riedrich Wilhelm Raiffeisen (1818–1888), the German founder of the first rural co-operatives, was a forerunner of Alphonse Desjardins (1854–1920), who introduced credit co-operation to Québec and North America. This essay selectively considers the two men, some of their ideas, and their historical significance, as a way of raising questions about the nature and future of co-operative leadership.<sup>1</sup>

Despite the differences in the two men's times and countries, they also had many similarities. Both, of course, were founders of great co-operative systems, and have become famous within their countries as well as internationally through development agencies and foundations. But there are also less obvious similarities. Both men earned a living as civil servants: Raiffeisen as a village mayor (in the German Empire, a position appointed by the state), Desjardins as a clerk in the House of Commons in Ottawa. They were not only servants of their states; both were also patriots and ex-servicemen. Raiffeisen enrolled as a young man in the Prussian artillery in 1835 (when he was seventeen) and remained in the service until an eye injury forced him to switch to a civilian administrative post. Desjardins enlisted as a volunteer in a battalion that went to Red River to end the Riel Resistance in 1871—when Desjardins was also seventeen.

The public roles of both men were maintained with the support of less-well-known female helpers. In Raiffeisen's case, his daughter Amalie had to handle his correspondence as his eyesight failed. She read to him, and took dictation, so that most of the great founder's words and advice in his later years

flowed through her pen. Apparently her duties to her father and to his life's work hindered her from marrying, having children, or establishing herself independently of him. Desjardins, by contrast, relied on his wife, Dorimène, who not only discussed and advised on his projects, but had to manage the affairs of his co-operatives when his work took him away.<sup>2</sup>

These lives of service to state and country were in different ways political. Raiffeisen was a small-c conservative, a believer in traditional values, in religion, in social harmony among the common people and their leaders. Desjardins was a capital-c Conservative, an adherent of Sir John A. Macdonald's "National Policy," a man with connections in party circles.

Such general, rough, external resemblances in lives and motives were matched by similarities in their roles as co-operative leaders. Both were system-builders, men who defined models that later spread to every corner of their respective countries; and men who remained concerned, throughout, about tying together their co-operatives into effective movements through central institutions and through education. Both of them concentrated on credit co-operation as the key to economic change and social adaptation. Both of them had an eye for farmers and for the traditional lower-middle classes, though they also presented their co-operatives as solutions for "the working classes" in general. On a deep level, they were men who embraced some aspects of modernization, of economic liberalism, of progress, while seeking tools to resist negative effects. Many of these similarities reflect the times and conditions of the later nineteenth and early twentieth centuries, when co-operatives were born out of the hopes and anxieties between the traditional and the modern.

Perhaps the most striking similarity is that both men posthumously became emblems for their movements. They are symbols or icons, not just historical individuals. Their names, their pictures, their profiles are used to sum up an entire movement and to represent its values, its identity, and its key institutions.

Each man has been objectified as a kind of patron saint: larger than life, simpler and more dramatic than the normal human reality. Raiffeisen is portrayed as a wise and fatherly patron, full of sympathy for the plight of the rural poor, and stern in his determination to help them. His oversized statue in Neuwied is inscribed simply "Vater Raiffeisen." The images used in official co-operative publications do not show him smiling, but instead convey earnest uprightness. A famous photograph shows his eyeglasses resting atop papers on his desk: a reference to his failing eyesight, his voluminous correspondence, the care with which he directed a national movement despite his difficult health and limited means. Desjardins's image is perhaps less widely used, but his name is no less prominent in Québec than is Raiffeisen's in Germany. Again, it conjures the association of wise leadership, rational and pragmatic, perhaps less fatherly than intellectual. Desjardins's feelings

for his fellow citizens are often represented in a nationalist light. Where his image appears, it is often alongside that of his wife, Dorimène, who stood by him and assisted in the leadership of the first “caisses populaires.”

Why do the founders become such powerful symbols in some cases, for some movements, and not for others? Why did housing co-operatives or consumer co-operatives in Germany, for example, not have their own Raiffeisen to give a name to their movements? Why do Anglophone Canadian co-operative movements have no Desjardins? Leaders, like nations, are imagined and constructed by their followers. Often, how leaders are represented says as much about their context, their audience, and their successors as it says about themselves. To analyze leaders is always and everywhere also to analyze culture.

### ***Patriotism***

1. The [co-operative] organization aims, in a simple, practical, manner, to make self-denial and brotherly love the norm for public life.
2. The organization is set up in such a way that all agriculturalists, from the wealthiest estate-owner to the poorest labourer, without detracting from their legitimate caste differences, can work together in a united and friendly fashion, just like in the Prussian or German military, to fight the common foe (self-interest) and to further the common good.

(Raiffeisen 1873)<sup>3</sup>

Satisfaction and well-being, once [they have] become widespread, will increase the love for the Franco-Canadian homeland, [a homeland] gleaming with prosperity, with increased prestige, with self-confident influence.

Is that not an ideal worthy of our efforts?

The soldier who expires in the bottom of the ravine, his chest pierced by the shot of the defeated enemy, is no less a hero just because his name remains unknown to history. Like him, let us contribute with flaming zeal, with our devotion to social-economic works, to preparing the way for the future and for the moral and material greatness of our fatherland.

(Desjardins 1908)<sup>4</sup>

Leaders are products of their times; what we choose to remember about them is a product of our own. We do not have to like, at the end of the bloody, catastrophe-ridden twentieth century—at a time when militarism and imperialism and the attendant racism and sexism are discredited—the analogy that a co-operative is like a military unit, that co-operation is like

warfare. But it is perhaps incumbent upon us to understand what the analogy stood for, and how we might cast it differently today.

For men of nineteenth-century European heritage such as Raiffeisen and Desjardins, military service was emblematic of the highest manly ideals, of self-sacrifice, of social unity, of common cause and historic greatness. In the modern European tradition—before 1914, before Hitler, before Auschwitz, before the European loss of innocence—images of violence and death were associated with transcendent causes, with nobility and destiny. When they compared co-operatives to armies, the co-operative movement to a fatherland (interestingly, in both German and French, one's home state was a male entity), both Raiffeisen and Desjardins were trying to appeal to the most absolute standards of public loyalty and dedication available within their cultures and their social circles. Both of them knew that co-operatives did not resemble armies in structure or purpose; both were advocates of democratic decision making and formal equality among members of co-operatives. But they hoped that these equal, co-operative individuals would bring with them the martial spirit, the spirit of heroism.

Both of them, of course, had performed military service as young men, and in one sense their remarks were exhortations to the young to dedicate their lives to co-operatives. (Desjardins's remark, above, was to a youth conference—an all-male one, of course.) It was also likely true that arguments in this patriotic form helped persuade conservatively minded authorities that co-operatives were harmless, indeed perhaps beneficial to social harmony. Raiffeisen's remarks were written to Prussian government officials. Both men were aware of their roles as actors on a public stage, before an audience of elites and notables whose opinions had an effect on the success of their co-operative projects. In invoking patriotic ideals, both men were making clear that they did not intend their co-operatives to be a threat to the existing social order. They lived in an age haunted by the spectre of social degeneration and Marxist revolution, and wanted to establish that what they envisaged was the opposite of subversive. They were looking, in part, for support from those who held power.

Desjardins, who was later and more liberal, seems to have regarded his co-operatives as projects to be organized and supported by the clergy and by small-town elites, with little direct state involvement. Only after his death, in the 1920s, did the state become more involved (in the opinion of some, more interfering) in the co-operative movement that Desjardins inspired. But Raiffeisen—we have to remember, this was Prussia—saw a more active role for the fatherland in promoting co-operatives, within certain limits. "The assistance of the state authorities is very desirable to further our idea," wrote Raiffeisen, "but in my opinion only to the extent that free development is not hindered, and also that no jealousy, no animosity is aroused among other movements." He wanted the Prussian state to favour co-operatives, but not

in heavy-handed or extravagantly generous ways. Raiffeisen went on to describe how he saw the state-co-operative partnership working: "It seems appropriate that the movement emanate from the agricultural population, and for this purpose that the [existing] agricultural associations be used. Influential state officials can help indirectly within these." Further, he stressed, "Subsidies to the agricultural associations from state funds are necessary for this purpose."<sup>5</sup>

The state should help, then—and why? The war that Raiffeisen wanted to fight, one should recall, was a war against individualism. Without too much distortion, one could recast the militaristic-sounding appeals as appeals for social inclusion, social harmony, and solidarity. Within the constrained, militarized, bourgeois vocabulary of their times, what both men were talking about was *community*. They did not see community as something that could be achieved by violence, by revolution, by making war on the state and on society's elites. They saw it, instead, as something to be built among the members of a vast social movement, a movement of which (at the time the two men wrote their separate remarks) they could only dream. A movement that would be as vast as armies, in its way as powerful. Could one call them pacifists for wanting to redirect these images and these energies into a peaceful cause?

### ***Religion***

Reaching an understanding between the two of us concerning the Christian basis [of co-operatives] is a more difficult matter... I am remote from every confessional point of view, and I trace the basis [of co-operatives] back to the general Christian principle. I call it a Christian principle because there is no better expression, and it reflects my deepest faith and conviction. I regrettably must concede that it would often be enough today to stress the moral [and not specifically Christian] foundations, and in this we can hopefully agree. True morality is in my opinion mostly deeply rooted in Christianity. For this reason and from my personal point of view I stress the latter... The associations don't wear their Christian character printed on their foreheads; it is rather a case of stressing the necessity of realizing Christian or, if you wish, moral principles in public life. In substantial measure, we owe the solid development of our co-operative movement to this emphasis. You can see how we have struck the correct tone from the fact that not only do the most varied factions of the two great Christian churches work together harmoniously and find here a neutral realm for friendly co-operation, but also that even the better part of Jewry participates.<sup>6</sup>

(Raiffeisen 1873)

Did not Leo XIII recommend the creation of such entities to stimulate and collect the savings of the people?<sup>7</sup>

(Desjardins 1908)

Both Raiffeisen and Desjardins appealed to the church as an institutional ally, much as they appealed to the state. But for both of them—again, more so for Raiffeisen, who was earlier, more traditional, less liberal—appeals to Christian morality also reflected their basic conception of what co-operatives were for and why co-operatives were important. There is a Utopian, a millenarian tone in Raiffeisen's appeals to love one's neighbours. What he offered was a crusade to build a society in which self-interest and egoism did not dominate. Co-operatives were a religious cause.

Raiffeisen struck many of his contemporaries, especially the more liberal and highly educated circles, as narrow-minded, stubborn, and domineering. His long Christian harangues at co-operative conferences ensured that those uncomfortable with overt Christian rhetoric tended to avoid the Raiffeisen organization. By the 1880s, alternative leaders and regional movements were emerging who paid tribute to Raiffeisen's ideas about co-operatives, but who declined to join his organization. Raiffeisen's death in 1888 set many of these people and organizations free to form their own federations, the largest of which quickly surpassed the Raiffeisen organization in size. Until German agricultural co-operatives were re-united in the 1920s, the Raiffeisen name was borne officially only by a minority of the co-operatives that he inspired. In many ways it was Raiffeisen's moralism, and the rigid personal manner that went with it, that marginalized his movement within the wider German co-op movement.

However, one of the redeeming features of Raiffeisen's religious zeal was that, despite the strident tone, it did have a pragmatic streak. He did not choose Catholicism or Protestantism—such a choice would have divided and crippled his movement—and in fact even concealed his personal preference to a remarkable degree. For nineteenth-century central Europe, this ambiguous, pan-Christian stance was strikingly ecumenical. The fact that Raiffeisen consistently opposed anti-Semitism, and was willing to appeal to at least "the better part" of the Jews (whatever he meant by that—perhaps the more assimilated ones), were also behaviours significantly more tolerant than many of his contemporaries. This may seem like faint praise. But in the context of his times, for someone as ambitious as Raiffeisen, the choices were not obvious or easy.

Desjardins was, of course, much different in this regard. While Raiffeisen was conservative and catholic, Desjardins was Conservative and Catholic; and for him these did not signify political or moral crusades, but rather networks and communities. Political and church institutions were pragmatic means to realize ideals in the context of the times. It should also be stressed

that francophone Québec society in Desjardins's day was much less divided, politically and religiously, than the Germany of Raiffeisen. This made Desjardins's politics and confession unremarkable.<sup>8</sup>

The clergy, and particularly the Catholic clergy, were essential to the spread of both Raiffeisen's and Desjardins's co-operatives. Priests assembled groups of parishioners to speak about the merits of economic co-operation; they spoke to young men and community leaders, urging them to join; often they served as secretaries, managers, and bookkeepers for new co-operatives—free of charge, of course. Unpaid administration was an early principle in both movements. The social role of the clergy in the co-operatives was critical to their success, for the clergy brought both skills and legitimacy to the new organizations. As educated men who were (or were supposed to be) impartial in community affairs, above all family and factional divisions, priests brought trust: today we would say they reduced the “transactions costs,” the uncertainties and suspicions, of forming co-operatives. In a larger sense, they conferred a blessing on the co-operative movement, suggesting that it was about a higher purpose, something more noble than a conventional business in which a priest would rarely have taken part.

These circumstances have changed fundamentally in the course of the twentieth century. With urbanization and cultural change, both Germany and Québec have become societies in which secularism dominates. Christian milieux persist, especially in rural communities, but the church is no longer a defining and unifying institution for the society as a whole. Immigration into both societies has also challenged the extent to which morality can be identified with Christianity. What can we take, at the beginning of the year 2000, from the Christian moralism of co-operative founders?

Perhaps the simplest answer is to say that social movements must be inspired by higher ideals. The vast effort involved in creating popular institutions can be justified in the early stages only by invoking some kind of Utopian vision, by appealing to ideal purposes and to standards of value that transcend everyday material society. In the language of nineteenth- and twentieth-century societies of European origin, Christian morality was the idiom in which middle-class leaders could express their yearning for the universal. Raiffeisen and Desjardins believed co-operatives reflected the highest of human ethical standards. It seemed only natural to them that spiritual institutions should support their efforts. In their opinion, to sponsor self-help was holy.

The ethical-moral content of their projects was not accidental or marginal, but one of the central points. For both of them, co-operation blended over from narrow self-help—from the pursuit of material advantage for individuals or groups—into idealistic mutuality and charity. Raiffeisen himself began in the 1840s and 1850s by trying to establish charitable institutions, and concluded only reluctantly that co-operatives (which he began establishing in the

1860s) worked better. Both Raiffeisen and Desjardins stressed voluntary self-sacrifice, offering up their own time and leadership for free, and stressing unpaid or honorary administration as a principle of their co-operatives. They themselves were not engaging in “self-help,” but in “other-help” for the farmers and villagers with whom they empathized. Many priests, officials, and property-owners whom they inspired did the same. This idealistic self-sacrifice for a higher cause was understood and mobilized through Christianity. Men like Raiffeisen and Desjardins embraced religious idealism as a necessary counterweight to the prosaic and materialistic concerns of their organizations. In the secularized world of 2000, one wonders what now provides the balance.

### ***Progress***

“The good old days, when neighbours would help neighbours in need on the basis of their word, without a debtor’s note, are gone. Mistrust has replaced trust; one brother hardly helps the other; in money matters all informality (*Gemüthlichkeit*) is gone.” One hears these and similar complaints not infrequently, especially in rural areas. Are they well-founded? No and yes.

We should not wish to have the good old days come back. Our time is just as good, even better. We move forward best when we accept things we cannot change as they are, and try to draw as many benefits from them as possible. So also in our time. New discoveries and breakthroughs ... have given rise to a powerful transformation, whose significant benefits have initially gone mainly to the larger commercial centres and factories. The balance has been upset; rural areas and smaller trades have been left behind. It lies to them to take possession of the benefits of the new age; then, they won’t wish any more to have the good old days come back.<sup>9</sup>

(Raiffeisen 1866)

Instead of being governed like peoples were two or three centuries ago, by an autocratic king who presented himself as an emissary of heaven, we govern ourselves and we regulate everything connected with the political world by the agency of our freely elected deputies. Why should we not have an equally free régime in the economic world?<sup>10</sup>

(Desjardins 1907)

If their views on matters such as politics and religion revealed Raiffeisen and Desjardins as conservatives, their views on progress and modernity set them apart from many of their fellow conservatives in their day.

In general, the people who have created co-operatives have been peo-

ple who looked ahead, not back. They recognized full well what had been lost or what was threatened—such as the spirit of neighbourliness and community mentioned by Raiffeisen. They did not seek to restore what had been lost through old structures, but rather to rebuild it through new ones. Co-operatives, in the minds of their founders, were pragmatic and daring attempts to turn the advantages of the new age against its disadvantages. In the passages above, Raiffeisen calls upon rural people, who have lost out in industrialization, to adopt some of its methods and to make up lost ground through co-operation; Desjardins calls upon people who are free political citizens to strive for modern economic liberty much as they had achieved political liberty. In both cases, these leaders were calling for people to make the modern age complete by finding some kind of societal balance in development: balance between town and country, between social groups, between economic and political values.

People like Raiffeisen and Desjardins were critical advocates of progress, cautious optimists who noted defects and set out to address them.<sup>11</sup> In any modern society, there are always people who wish to freeze social change or turn the clock backward. There are others who want to upset the whole order and throw it out the window. There are still others who wish to let the current social-economic forces operate unconstrained and indefinitely, achieving ever “more.” Such pessimists, opponents, or uncritical enthusiasts of progress rarely become founders and leaders of great co-operative movements. Raiffeisen and Desjardins both epitomize the leader who understands progress and modernity, but who adopts both a critical distance to it, and a constructive attitude of finding something to do about it. This combination of perception, distance, and a constructive will to action may be what made the great co-operative leaders, what made them worthy of being remembered. In times of rapid social change, they mediated between the past and the future, between traditional values and modern institutions. Perhaps remembering them helps co-operative leaders today cope with ongoing social and economic change.

### ***The Construction of Leaders***

“Only a few ideas [have] had similarly far-reaching effects in the economic and social domain as the Raiffeisen idea. This idea of a single man, originated and realized in an unknown German village, has now conquered every continent.” The name of Raiffeisen has actually reached as unlimited a significance as few other names who were active in forming historical movements. It has grown into a universal symbol, almost separated from its bearer and his national affiliation.<sup>12</sup>

People say that it was Desjardins who founded the *caisse populaire*; but what stood out with him was the feeling of having *launched* the *caisse populaire*.

This faithful and virtuous man, attentive to the needs of an evolving society, knew exactly what to conserve, what to modify, or, if needed, what to invent... His message to posterity is that the guidance of a popular democratic movement requires as much abnegation of spirit as generosity of heart. Desjardins possessed a full measure of both of these great qualities; but especially the vigour of his spirit served admirably to lead to success the great project that his goodness of heart predisposed him to undertake.<sup>13</sup>

Desjardins was a later and more fully modern leader than Raiffeisen. He was better educated, more intellectual, and more knowledgeable of the world. Where Raiffeisen invented an idea more or less from need and circumstances, from trial and error and personal inspiration, Desjardins studied co-operatives in other countries, and corresponded with their leaders, before developing a model of his own. Though both of them combined able and innovative minds with strong wills and firm beliefs, Desjardins was remembered more for a vigorous intellect and sure vision; Raiffeisen, more for will and heart and conviction.

Desjardins studied Raiffeisen and invoked the Raiffeisen myth to serve his own cause. He wrote of “the counsels full of paternal solicitude of the humble founder Raiffeisen,” and went on:

Raiffeisen, even more modestly [than fellow German co-operative leader Hermann Schulze-Delitzsch], along with his famished peasants who possessed nothing, not even the land that they cultivated with their sweat, created the first rural *caisse* by mobilizing the honesty of his followers and offering it as a guarantee to those who possessed capital. It is impossible to imagine more humble beginnings.<sup>14</sup>

Schulze-Delitzsch, it should be mentioned, was far more famous in his time than Raiffeisen and was known for his brilliant legal mind as well as for his political career (he was a Left Liberal politician—a member of the Progress Party). It seems clear that Schulze-Delitzsch had the sharper intellect, but he is almost unknown to the public today, whereas Raiffeisen is famous. Why? There is an emotional and symbolic appeal to the Raiffeisen myth—the story of humble beginnings in a poor rural village, of a wise, paternal leader—an appeal that cannot be matched by the career of a Berlin politician. Perhaps great co-operative leaders need to embody compelling stories, humble origins, and easily understood personality traits. Perhaps they need to be linked to specific places of mythical-representative character, such as

the impoverished Westerwald above the Rhine River, or the sleepy town of Lévis across the St. Lawrence from Québec City.

But one can also analyze the construction of leadership by looking at cases in which dominant leader-figures are lacking. This brings us back to a question posed at the outset: What does it signify, that the Anglophone Canadian co-operative movement has no Raiffeisen? There are basically two sorts of answers. One lies in objective reality: perhaps there was no one person who played such a strong role in early co-op movements. But the other answer may be: There is no Raiffeisen, no Desjardins, for Anglophone co-operatives because they did not feel a need to create one.

Certainly there were many individuals who played powerful roles in early co-operative movements. If we think for the moment only of prominent leaders from before 1950, we would think of George Keen, long-time general secretary of the Co-operative Union of Canada (forerunner to the current Canadian Co-operative Association), whose personality and ideas about co-operatives greatly influenced the Canadian movement up to the 1940s. There was Aaron Sapiro, the American lawyer whose speeches spurred the formation of the prairie wheat pools in the 1920s; and Moses Coady, the priest whose words drove the Antigonish Movement in the Maritimes in the 1920s and 1930s. There were women in those years, women such as Agnes Macphail in Ontario and Violet McNaughton or Annie Hollis in Saskatchewan, who simultaneously were leaders in the co-op movement and leaders in opening political roles for women. There were visionary co-operative founders and managers such as Harry Fowler, who helped farmers create an oil refinery in the 1930s and went on to manage Federated Co-operatives Limited; and leaders in education and rural development such as Jake Siemens of southern Manitoba. And, of course, there was (a little later) Alexander Laidlaw. But these and many other outstanding leaders of the early era do not generally serve as symbols or trademarks for their movements. There is, to be sure (and justifiably so) a Coady Institute and a Laidlaw fellowship for students, but there is no Keen co-operative federation, no Sapiro trust, no Macphail foundation, no Fowler refinery, no Siemens college. The people themselves have remained historical individuals, and have not, for the most part, been turned into symbols. Most co-operators would not even recognize their pictures.

There are, however, co-operative merit awards in various provinces, halls of fame, and the like. Some co-operatives recognize past leaders by inviting them to meetings, by asking their advice, by organizing them into networks or groups. Sometimes co-operatives publish retrospectives, and sometimes former leaders publish their memoirs or donate their papers to an archive. Some co-operatives have had streets named or monuments erected for leaders. All of these are important sites for the co-operative movement's collective memory—places where memory is made public. Co-operatives take less notice of these things than they should. Too often, awards ceremonies have

rooms full of white hair. Too often, such events are only for *personal* remembrance of people still alive, while the collective recollection of leaders long dead is lacking. While there is wide commitment to co-operative education, often this education is reduced to a technical function, forgetting the parts of it that are strategic and symbolic.

One sometimes gets the impression that co-operators, with uneasy and sometimes false modesty, do not truly believe in singling out individuals. Perhaps they feel that mutual self-help is about groups, not persons. There are, of course, two sides to this. A movement without historic leader-figures may seem more democratic, more “grassroots,” more genuine and less authoritarian—a plus. But—the drawback—such a movement may also be more colourless, and may conceal real problems and issues of leadership beneath a veneer of collective decision making. Most co-operative movements in Canada seem to prefer this kind of grey, superficially egalitarian, unexamined collectivism.

There are advantages to stressing the human particularities of leadership, because they offer the opportunity to discuss what is good and bad, what works and what changes over time. Remembering leaders, in various ways, is part of developing leaders. We remember qualities such as Raiffeisen’s faith and Desjardins’s insight; we remember their critical distance from the transformations of their times; we may choose to overlook other things such as their specific views of politics or religion—all of this as a way of saying what we think is important in the present day, for co-operatives, and what is not. To skip over the key contributions (and failings) of key leaders is to downplay the human qualities and choices that make for good leadership. It is to pass up a real opportunity to discuss what kind of leadership is needed today and in the future.

Memory is also bound up with questions of power. Particular factions may remember leaders in certain ways to justify specific changes or policies, and to disarm internal opposition. Building up past leaders may be a way of building up present ones, which may be a bad thing or a good one depending on the leaders and policies concerned. But equally, *not* remembering past leaders may be a question of power, may be a way of avoiding discussion of certain issues. Grey collectivism serves to maintain a fiction that “the people” create and support co-operatives all by themselves, whole-heartedly and unanimously, without hindrances or exclusions or controversies or differences. To this extent, not to remember leaders as historic individuals is to conceal problems and differences that did and do exist.

Movements build up leadership figures in order to legitimize themselves. This is certainly often true of new movements, those that feel threatened, and those that are experiencing rapid change. The strong, all-knowing, father-leader of the nineteenth century was a reassurance that co-operatives really did work, were a good cause, that critics should be disregarded. The

leader's emblem was a talisman against doubt. Later and more mature co-operative movements may not need this specific kind of legitimation, and perhaps do not raise up such leaders because they no longer feel they need such links to tradition. (In fact, some of them reach maturity by rebelling against their father-figures.<sup>15</sup>) But leader-figures may be important wherever there is change or doubt. Founder-leaders were transition figures who bridged between eras, who reassured the movement's members by telling them that traditional values and modern methods were both acceptable. Some such symbolic bridging between eras may still be needed today.

Perhaps the greater the changes that co-operative movements experience, the more they require a collective memory of leaders. Could it be that *especially* in an era of globalization, co-operatives need to remember historic, individual leaders, people who mediated in their day between past and future—people with whose thoughts and feelings and ambivalences we can identify personally? Might the lack of attention to historic leaders mean a lack of role models, a reduced ability to cope with change, a deficit in the ability to embrace innovation—critically, perceptively, from a distance—while retaining identity?

Even mature movements, and even new twenty-first-century movements, need to connect their members' futures to their pasts. They need to have an identity and a culture. Perhaps they might do so through a pluralism of remembered leaders—remembering not one leader or style, but many. Herein may lie the way for co-operatives to navigate between the modern twentieth century and the postmodern twenty-first.

Remembering is not something that just happens. It is something we do in a certain way, for a certain reason, with our eyes wide open. Remembering is an active and conscious endeavour to use the past to shape a particular kind of identity and culture for ourselves in the present. Not remembering is also a conscious choice. What kind of identity and culture do Canadian co-operators wish to create? What leaders will they remember, and how, in the twenty-first century?

### **Endnotes**

1. On Raiffeisen, see Ludwig Hüttl, *Friedrich Wilhelm Raiffeisen: Leben und Werk. Eine Biographie* (Munich: Bayerischer Raiffeisenverband, 1988). On Desjardins and his movement, Pierre Poulin, *Histoire du Mouvement Desjardins*, 3 vols. (Montréal: Québec/Amérique, 1990). There is too little in English about either man.
2. For more information about Desjardins, see the next chapter in this volume, by Pierre Poulin, "The Origins of Savings and Credit Co-operatives in North America: The Work of Alphonse and Dorimène Desjardins."
3. Friedrich Wilhelm Raiffeisen, "Auszug aus der Raiffeisen-Denkschrift zur Begründung der Notwendigkeit der 'Deutschen landwirtschaftlichen Generalbank, eingetra-

- gene Genossenschaft' in Verbindung mit einem Lebens-, Pensions- und Rentenversicherungsanstalten, sowie zur Begründung der anliegenden bezüglichen Statuten" (18.10.1873), in Wolfgang Werner, *Raiffeisenbriefe erzählen Genossenschaftsgeschichte: Die Frühzeit der Raiffeisen-Organisation an Hand der Briefe von Raiffeisen an Marchet (1872–1884)* (Vienna: Österreichischer Agrarverlag, 1988), 130.
4. Discours de M. Alphonse Desjardins sur les "Caisses Populaires," Québec, 1908, in Cyrille Vaillancourt and Albert Faucher, *Alphonse Desjardins: Pionnier de la coopération d'épargne et de crédit en Amérique* (Lévis: Le Quotidien, 1950), 92. For effect, I have somewhat wilfully translated "patrie" as "homeland" at the first occurrence, but as "fatherland" at the last.
  5. Letter from Raiffeisen to Marchet, 19.10.1872, in Werner, 30.
  6. Letter from Raiffeisen to Marchet, 28.5.1873, in Werner, 73.
  7. Discours de M. Alphonse Desjardins sur les "Caisses Populaires." Québec, 1908, in Vaillancourt and Faucher, 87.
  8. On Desjardins's Catholic thought and connections, see Poulin, I, 75ff; and on the role of the clergy in promoting his caisses, 186ff.
  9. F.W. Raiffeisen, *Die Darlehnskassen-Vereine als Mittel zur Abhilfe der Noth der ländlichen Bevölkerung, sowie auch der städtischen Handwerker und Arbeiter. Praktische Anleitung zur Bildung solcher Vereine, gestützt auf sechszehnjährige Erfahrung, als Gründer derselben* (Neuwied: Verlag der Strüder'schen Buchhandlung, 1866), 1. There is a noteworthy similarity between Raiffeisen's words here and the ideas expressed by Desjardins on page 32 of this volume.
  10. From Desjardins's testimony to the senate special committee to consider a federal credit union act (Témoignages devant le Comité Spéciale, 1907), 42, quoted in Vaillancourt and Faucher, 49.
  11. Poulin writes that Desjardins remained "discrete" about what he really thought of capitalism, yet was not precisely against it (I, 81–82).
  12. The initial quotation is attributed to Dr. H.C. Schneider, professor, director of the Institute for World Economy, University of Kiel, address to annual meeting of the Raiffeisen Association of Schleswig-Holstein and Hamburg, Kiel, 15 October 1965 by the editors of F.W. Raiffeisen, *The Credit Unions*, 8th ed., transl. Konrad Engelmann (Neuwied: Raiffeisen Printing and Publishing, 1970), 136; the remainder of the citation is from the editors' own comments.
  13. Vaillancourt and Faucher, 45.
  14. Discours de M. Alphonse Desjardins sur les "Caisses Populaires," Québec, 1908, in Vaillancourt and Faucher, 79.
  15. The famous "Rochdale" principle of neutrality in politics and religion arose from a co-operative congress resolution in 1834, where the delegates disassociated themselves from the political and religious views of their founder and figurehead, Robert Owen.



*But if cooperation needs religion, religion also needs cooperation. It is the expression of religion in the economic order... It is a naturally good thing which must be employed in perfecting the imperfect creature, man. The Christian Church embraced the philosophy of pagan Aristotle, not because it was Christian but because it was philosophy. In the same way, religious people generally will adopt cooperation not because it is religious but because it is truth.*

M.M Coady, *Masters of Their Own Destiny*  
(1939; reprint, Antigonish: Formac, 1980), 143.

***The Origins of Savings and Credit  
Co-operatives in North America***  
*The Work of Alphonse and Dorimène Desjardins*

*Pierre Poulin  
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**N**early one century ago, on 6 December 1900, Alphonse Desjardins, his wife, Dorimène, and a group of fellow citizens from Lévis, a small town on the south shore of the St. Lawrence River, just opposite Québec City, founded the first *caisse populaire*. For Alphonse Desjardins, this was the culmination of three years of research and correspondence with representatives of rural credit co-operatives and people's banks in Europe. Inspired particularly by the German, Italian, and French experiences, the *Caisse populaire de Lévis* nonetheless constituted a new model for savings and credit co-operation. Desjardins fashioned the concept along the lines of his cherished idea for organizing credit for the people around the use of their savings. His plan was to fight usury and, at the same time, to provide a tool for economic organization to benefit the working classes.

Today, the effects of that one small event are widely evident. Through the determination and efforts of Alphonse and Dorimène Desjardins, the *Caisse populaire de Lévis* became a success and subsequently contributed to the spread of savings and credit co-operation throughout North America. It was the origin of the *Mouvement Desjardins*, which includes about twelve hundred *caisses populaires* and credit unions in addition to several subsidiary corporations operating in fields such as insurance, trusts, securities, investments, and industrial credit. And it was also the inspiration for the credit unions established in the United States and in English Canada.

### ***Portrait of a Reformer***

Alphonse Desjardins was neither a financier nor a businessman. He began his career as a journalist (1872–79) after obtaining a business degree at Collège de Lévis, and later worked as reporter of debates at the Legislative Assembly of the Province of Québec (1879–89). During a period of unemployment, he founded his own newspaper, called *L'Union canadienne*, but had to interrupt publication due to ill health. When he founded the Caisse populaire de Lévis, he was forty-six years old, earning his living as a French language stenographer in the House of Commons, a position he began in 1892. The job required him to spend six months per year in the Canadian capital, more than 450 kilometres from his home in Lévis.

Desjardins was born in Lévis in 1854, the eighth in a family of fifteen children. Whether culled from legend or fact, what is known about his childhood seems to bear witness to a degree of poverty and financial insecurity in the family, where the mother was obliged to take in work from other homes in the neighbourhood in order to make ends meet. Such conditions could certainly lead one to suspect an intense emotional power behind Alphonse Desjardins's dreams, and the sincerity of his undertakings on behalf of the working class.

His experience in journalism and parliamentary activities broadened his general knowledge and sharpened his interest in public affairs. Like his brother Louis-Georges, who held a seat at the Legislative Assembly, Desjardins was active in the Conservative Party. He also played a role in cultural and economic organizations, as president of the Canadian Institute in Lévis in 1883, and as a board member for the Lévis Chamber of Commerce from 1880 to 1893.

During the 1890s, Desjardins began to show a great interest in problems regarding the conditions of the working classes, and he sought solutions mainly in reforms proposed by social Catholicism. Soon after it was published in 1891, he certainly would have read the church's publication *Rerum Novarum*, which had a profound influence on him. He also read the work of French sociologist and social economist Frédéric Le Play and others who adhered to the same school of thought. He was a subscriber to the French magazine *La Réforme sociale*, and became a member of la Société canadienne d'économie sociale de Montréal in 1899.

He seemed fascinated by mutual assistance and self-help organizations. His personal archives show that he spent a great deal of time studying the principles of mutuality and their applications in the field of life insurance. In 1893, he prepared a large collection of notes on this subject for a survey entitled "Notes to Be Used for a Study on Life Insurance." He also carefully observed the activities of existing mutual organizations in his city, such as la Société des artisans canadiens-français, which opened a chapter in Lévis in 1889, and the Société de construction permanente de Lévis, founded in 1869.

From 1892 to 1895, Desjardins served on the board of directors of the latter, whose function was to provide mortgage loans to members.

A social catholic with a deep interest in mutuality, Desjardins clearly had great hopes for social reform.

### ***A Trigger Event***

The trigger event for Desjardins's active involvement was a speech in the House of Commons on 6 April 1897 by Conservative MP Michael Quinn, who denounced the scandal of usurious lending practices. Quinn used the example of a Montrealer who was ordered by the Court to pay interest of \$5,000 on an initial loan of \$150. Desjardins was so shocked by that disturbing revelation that he immediately began to search out a solution to the problem. His research soon led to a document by Henry W. Wolff entitled *People's Banks*, which gave a detailed description of European credit co-operatives. On 12 May 1898, Desjardins wrote to the author, who was also president of the International Co-operative Alliance, to obtain more information. By this time, Desjardins already had some serious ideas in mind. His intention, he wrote, was to implement a similar type of co-operative in Canada. Wolff replied with the names of several French, Belgian, Italian, and Swiss co-operators—all managers of people's banks or credit co-operatives—whom Desjardins then contacted. That marked the beginning of a long enquiry during which Desjardins would assimilate the workings of many savings and credit co-operatives, and design the new co-operative model he would call the "caisse populaire."

Usury was not Desjardins's only concern. The financial insecurity of the working classes, growing social inequity, the sluggish agricultural economy, and emigration to the United States had also attracted his attention for many years. He viewed all these problems as signs of a lack of economic organization among the working classes. That lack of organization had placed workers in a condition of dependency that would only grow worse, in view of the growing strength of the great capitalist enterprise and the concentration of economic power. What struck Desjardins was the economic frailty and isolation of small producers and workers compared with the power wielded by share-issuing corporations. In the final analysis, Desjardins hoped to establish, through co-operation, a degree of balance within the economic power structure.

### ***Founding the Caisse populaire de Lévis***

The Caisse populaire de Lévis was founded on 6 December 1900, during a meeting of about a hundred people on the premises of the Société des artisans canadiens-français. Several local personalities were present, including

the parish priest and the Collège de Lévis principal, who spoke to the audience in vibrant terms praising the newborn institution. The *caisse populaire* was defined as a co-operative savings and credit corporation with variable capital and limited liability. Its organization resembled that of the Italian people's banks, with certain characteristics borrowed from rural credit co-operatives. The one unique feature of its organization was capital variability, which meant shareholders could request the reimbursement of their \$5 social share at any time, without prior notice.

The main idea for the *caisse*, which was borrowed from the German Schulze-Delitzsch, was to organize popular credit using popular savings. While facilitating access to credit, the *caisse* also aimed to develop the habits of saving and planning ahead among its members. This type of savings and credit co-operative was not designed to offer easy solutions. Rejecting any idea of philanthropic or government assistance (other than by volunteer leaders and managers), Desjardins planned to draw on what he termed "the creative and organizational energies of the people." He promoted mutual association and mutual assistance, but not without a resolute demand for individual effort and responsibility. This was the essence of the type of self-help that formed the basis of his personal credo. For Alphonse Desjardins, savings and credit could not be separated, since it was through the practice of good savings habits that members could demonstrate their moral value and become deserving of obtaining credit when needed.

Who was the *caisse populaire* designed for? Who were the people intended to benefit from it? Literature regarding the origins of the Mouvement Desjardins often speak of Alphonse Desjardins's desire to help the most unfortunate members of society. While this was certainly the case, it was not, however, his only desire. It should be noted, for example, that the *caisse* was open to all citizens in the parish neighbourhood. It was presented as a community institution having the dual identity of a co-operative and a social project. As the latter, it was meant to bring about social reform in the spirit of the *Rerum Novarum* and the principles of social economy as defined by Frédéric Le Play. That reform aimed, among other things, at establishing co-operation among social classes, and obtaining the commitment of the elite to join this enterprise for the economic emancipation of the working classes. The door was therefore wide open to the clergy and to members of the liberal professions, who were asked to take part in the administration and management of the *caisse*.

While the *caisse* gave priority to small loans, its services were intended for the entire local community. "The *caisse populaire* is accessible to all, from those of humble means to members of the bourgeoisie,"<sup>1</sup> wrote Desjardins. When speaking of those who would benefit from the *caisse populaire*, he generally used the terms "working classes," "popular classes," or "classes of working people." A careful examination of his writing reveals that these

terms cover a wide range of professional occupations and economic conditions, ranging from the most humble workers up to small entrepreneurs. On this subject, he said in a conference in 1906:

There are not only manual labourers from industry or from farms who need credit and who often are forced to be subjected to usurious Shylocks, there is also a very interesting class of small merchants, small industrials and modest entrepreneurs who do not have the financial breadth to gain access to regular accounts at the large banks who supply their better-known colleagues. For all of those people, a co-operative is of most valuable assistance.<sup>2</sup>

The characteristic common to everyone Desjardins wanted to help was therefore not poverty, but a lack of economic organization, which created a condition of dependency. In the context of the industrialization and concentration of economic power that existed at the beginning of this century, that characteristic was to be found in varying degrees among a great number of workers and small farms and businesses, creating a serious threat to their financial security.

### ***Economic Decentralization and Local Development***

Economically speaking, Desjardins's main objectives were decentralization and local development. His hopes for economic development were primarily oriented towards the rural world that was being deserted by scores of farmers unable to achieve sufficient income from farming. Desjardins openly wished to "achieve a decisive and continuous return to the earth, and fend off the deceptive allure of the city."<sup>3</sup>

It would surely be wrong to see Desjardins as an "agriculturist" in the sense that historian Michel Brunet gave to the term.<sup>4</sup> His focus on the rural world was neither a nostalgic idealization of the past nor a rejection of the current industrial age. Although Desjardins was no doubt attached to the image of a beautiful, green Laurentian valley, he knew very well that society was in flux. Aware of the inevitable nature and character of the economic change occurring in his time, his chief aim was to enable the rural world to adapt to the new economic trends through the use of credit. His goal, as he stated in 1906, was to have agriculture progress "to the industrial format."<sup>5</sup> This meant making agriculture more profitable and improving productivity, thereby halting the rural exodus—the magnitude of which had largely exceeded the ability of industry to absorb the new source of labour—and putting an end to the emigration of French-Canadians to the cities of New England. Desjardins's desire to maintain agriculture was rooted in a strategy to ensure the future of a people faced with the prospect of massive proletarianization, much more than in any nostalgic vision of the past.

In fact, Desjardins envisioned economic change in terms of a globalization of markets. “More than ever,” he stated in 1910,

the struggles of the people are taking place on the economic battlefield. With the advent of easier and more rapid communications, markets will become world markets rather than national markets, and the definitive victory will go to the country that will have known how to deploy all its energies and the strength of its citizens, that will have best supported their initiatives, and that will consequently have adopted the most productive regimen with the least effort.<sup>6</sup>

### ***The Aspect of Nationalism***

Beyond its economic and social objectives, the caisse was also destined to fulfil a national mission. While concerned with the social question, Desjardins also hoped to find a solution to the national question. In “Mémoire sur l’organisation de l’agriculture dans la province de Québec,” he discussed the formation of a national source of capital which, he said, “would be under our control...whose use would serve to increase our legitimate influence, to activate our progress and, as needed, to protect us from unjust aggression.”<sup>7</sup>

For Desjardins, the national question was posed in terms of survival. While he preferred to believe in the concept of Canadian unity, he did not hide his concerns surrounding the fragility of the linguistic and cultural rights of French-Canadians. Although he had close contact with the leaders of the nationalist movement, he did not show great interest in the political arena. He was, however, among those such as Errol Bouchette and Édouard Montpetit, who tended to view the national question as an economic question.

For Desjardins, economic organization was the key to national influence. Through “economic and social works,” he said, “we will increase our influence on the general conduct of business in the country infinitely more than by noisy demands or vain rhetoric.”<sup>8</sup>

### ***Success and Concerns***

The Caisse populaire de Lévis began operations on 23 January 1901. It rapidly became a success, due chiefly to the tireless efforts of Desjardins, the un-failing support of a few priests from Collège de Lévis and some mutualist friends, and the constant collaboration of Desjardins’s wife, Dorimène. In addition to looking after their home and bringing up their seven children, Dorimène Desjardins devoted a great deal of time to caisse business. In 1903, 1904, and 1905, she even took over caisse management during her husband’s long trips to Ottawa.

During those early years, a number of serious obstacles tested their determination. Alphonse Desjardins battled for more than five years to get legal recognition for the *caisse populaire*. Initially, he wanted a federal law passed that would enable him to found *caisses populaires* in all Canadian provinces. But shortly after the foundation of the first *caisse*, when he tried to obtain such legislation from the federal government, he was refused. Considering that the *caisse populaire* was not, properly speaking, a banking business, and that it was a local organization, Finance Minister William Stephen Fielding decided that legal recognition would have to come from each of the provinces concerned and not from the Canadian government. Neither the finance minister nor Prime Minister Wilfrid Laurier would yield to the pressure brought to bear by Desjardins and the political and religious figures who supported his cause.

In 1905, as a last resort, Desjardins turned to the provincial government. His challenge there was not only to have the merits of savings and credit co-operation recognized, but also to achieve acceptance of the *caisse populaire* as the ideal type of credit co-operative, more suited to the needs of the Québec people than the European models. Desjardins was not the only person in Québec interested in credit co-operation. Promoters of agriculture had been trying for several years to implement the Raiffeisen credit co-operative system, hoping to provide farmers with an instrument for farm credit. The Conservative MNA for Wolfe at the Legislative Assembly, Jérôme-Adolphe Chicoyne, had a draft bill adopted for that purpose on 12 March 1902.

Taking into account the success of the *Caisse populaire de Lévis*, whose assets by this time exceeded \$40,000, Premier Lomer Gouin received Desjardins's draft bill in March 1905 with a favourable view. But the parliamentary session ended without it being brought to the attention of the assembly.

Desjardins and Dorimène were extremely disappointed and increasingly worried about the responsibilities weighing on their shoulders in the absence of any legal protection. What would happen if the *caisse* were to suffer financial losses? In May, Desjardins told a priest from Collège de Lévis that he was thinking of liquidating everything. But support and encouragement from the parish priest, François-Xavier Gosselin, and Archbishop Mgr. Bégin helped the Desjardins to continue their efforts.

The situation was finally resolved in 1906 when, on 28 February, Lomer Gouin brought the draft bill before the Legislative Assembly. When the *Act Concerning Co-operative Syndicates* was voted unanimously on 5 March and ratified on the ninth, Desjardins celebrated a true victory: "Finally," he wrote, "this project can now take off ... assert itself and no longer live in the shadows."<sup>5</sup> The Act also made the *caisse populaire* the basic model upon which savings and credit co-operatives in Québec were to be organized from that point onwards.

Desjardins did not, however, give up on his idea of a federal law, view-

ing the provincial law as only a short-term guarantee. He went back on the attack with the help of Conservative MP Frederick Monk, who succeeded in tabling a draft bill at the House of Commons on 23 April 1906. Their tenacity finally paid off. On 11 April 1907, the special committee set up to analyze the project recommended it be passed after hearing several witnesses, including favourable testimony by Governor-General Lord Grey. Less than one year later, on 6 March 1908, the “Draft Bill Concerning Co-operation” was unanimously passed by the House of Commons. On July 15, however, the Senate took the unusual step of refusing to ratify the bill into law, the reason being that the legislation encroached on the powers of the provinces. But it is clear that several senators were sensitive to opposition by the Retail Merchants’ Association of Canada. Fearful of competition from consumer co-operatives that could have been created under the new law, the retail merchants regularly manifested their opposition to the bill. Without their strenuous lobbying, Desjardins’s law would probably have been ratified by the Senate. Until 1914, several Members of Parliament attempted periodically to convince the House of Commons to pass a law on co-operation, but to no avail. Desjardins was forced to be content with his provincial law.

### ***Disseminating the Caisses***

The years from 1907 to 1915 were the most active of Desjardins’s career. During that time he travelled throughout the province of Québec to participate in the foundation of new caisses populaires. A young priest from Collège de Lévis, Abbé Philibert Grondin, joined him to carry out an information campaign through the newspapers. Beginning in 1909, Grondin wrote articles each week for *La Vérité* and, occasionally, *L’Action catholique*, two high-distribution newspapers in Québec City. In 1910, he also published *Le catéchisme des caisses populaires*, a small brochure that presented the goals, organization, and operation of the caisse populaire in a catechism-like question-and-answer format.

For his part, Desjardins responded to the many demands for information that arrived in the mail, and accepted every opportunity to speak publicly. He also published brochures and newspaper and magazine articles in which he discussed the merits of the caisse populaire.

Alphonse Desjardins depended a great deal on the co-operation of the clergy in establishing the caisses populaires and ensuring their proper operation. He did not like to found a caisse in a parish without the explicit support of the parish priest, and very much hoped that a priest would participate in the administration and, if necessary, management of the organization.

The clergy were not indifferent to Desjardins’s wishes. They too were concerned by the social questions that had struck Desjardins when he read the *Rerum Novarum*, and were increasingly interested in the early part of the

twentieth century in social projects that could contribute to the material and moral assistance of the working classes. Support for the working classes would help circumvent social conflicts, spell defeat for socialist propaganda, and protect the religious values and moral authority of the church. Social projects were also regarded as a means of promoting agricultural progress, thus helping to curtail the rural exodus and emigration to the United States. Convinced of the benefits of popular savings and credit, many bishops did not hesitate to recognize the caisses populaires as catholic social projects, and to recommend the clergy's support for them.

Apart from the clergy, some of the most ardent promoters of the caisses populaires included important nationalist figures such as Henri Bourassa and his colleague Omer Héroux. Founded by Bourassa in 1910, *Le Devoir* joined its voice to that of *La Vérité* in encouraging the spread of the caisses populaires.

With this kind of support, the caisses populaires quickly gained popular recognition. Desjardins was overwhelmed by requests for collaboration from citizens eager to organize a caisse in their parish, and helped found as many as 136 of them from 1907 to 1915. He also tried to supervise their operations, maintaining regular correspondence for that purpose with a great number of managers.

Desjardins accomplished all of this in his free time, with no financial assistance. He sometimes thought of applying for a government subsidy to finance an information service under his responsibility, but in the end he was too concerned about political interference to actually go ahead with the plan.

### ***Into Ontario and the United States***

Although Desjardins's achievements were recognized in several Canadian provinces, Ontario was the only one where he extended his activities. He founded eighteen caisses populaires there between 1910 and 1913, in addition to helping organize a credit union in 1908 for Ottawa's federal bureaucrats.

From 1908, the renown of the caisses began to grow beyond the Canadian border. Pierre Jay, commissioner of banks in Massachusetts, and Arthur Harold Ham, director of the Russell Sage Foundation, a philanthropic society in New York, both came to meet with Desjardins. Even reporters from major magazines such as *Harper's Monthly* travelled to Lévis to interview the man who was considered America's greatest authority on savings and credit co-operatives. Requests for information inundated Desjardins, who received letters from twenty-four American states. In 1912, the president of the United States, William Howard Taft, invited Desjardins to Washington to participate in a US governors' convention on farm credit.

Between 1908 and 1912, Desjardins visited the United States five times. His travels took him to New Hampshire, Massachusetts, New York, and Rhode Island, where he was greeted by politicians and representatives from associations such as the Twentieth Century Club (Boston) or the Russell Sage Foundation. In both Massachusetts and New York he collaborated in writing draft bills for the organization of savings and credit co-operatives similar to the caisses populaires. He also took the opportunity during those trips to set up a dozen caisses, mostly in the French-speaking communities of Massachusetts, where he spent five weeks in June and July 1911.

### ***An Incomplete Work***

In 1914, ill health forced Desjardins to slow the pace of his activities. During the last six years of his life, he was affected by uremia, which demanded frequent periods of convalescence. In 1916, he had to resign himself to mandating a committee presided over by Abbé Philibert Grondin with the responsibility of founding caisses. The next year, he was forced to abandon his functions as stenographer at the House of Commons. With the help of Dorimène, his daughter Albertine, and Abbé Grondin, he continued his correspondence with several caisse managers and officers whom he advised and encouraged.

Knowing he was afflicted with an incurable condition, Desjardins thought anxiously about how to make sure that his work would survive him. Following the example of the European systems, his plan was to group the caisses under a federation, which would provide them with the technical and financial services necessary for their security and growth. This federation would have the responsibility of annual inspections, of organizing a caisse centrale to administer the surplus liquidity in the local caisses, and of providing loans for caisses lacking funds. The officers of the caisses populaires, however, did not accept the idea immediately. Some were worried about the costs related to financing such a federation, while others believed it would be a threat to the independence of their organization. It was thus without success that he proposed a meeting to study his project, three months before his death on 31 October 1920. At the time, there were some 140 caisses in operation in Québec, with more than 30,000 members and assets of \$6.3 million.

Although incomplete, the work of Alphonse and Dorimène Desjardins was the object of great admiration by his contemporaries, many of whom had already gauged the full measure of its social and economic impact. *La Vérité* saw the caisses as “a heritage of an inestimable value,”<sup>10</sup> and *L’Action catholique* predicted that the caisses would become “the solid basis for French-Canadian national wealth.”<sup>11</sup>

Alphonse Desjardins had indeed found an effective tool to overcome the lack of economic organization that he viewed as the main cause of fi-

nancial insecurity among the working classes. Through the caisses populaires, he offered both workers and small entrepreneurs the possibility of joining together, helping one another, and pooling their resources to obtain the financial services they needed. He made it possible for them to control their future, to help themselves, and to slowly achieve economic independence. He laid the basis for a culture of collective action that would later make countless other achievements possible.

It took Alphonse Desjardins just twenty years to accomplish these goals. The success of his efforts was due in large part to the support and collaboration he received from the Catholic clergy, certain nationalist figures, and from his wife, Dorimène, who played a crucial role in managing the Caisse populaire de Lévis in the early years, and provided steadfast assistance to the end of her husband's career.

### **Endnotes**

The reader may find more complete information on Alphonse Desjardins, Dorimène Desjardins, and the history of the caisses populaires in the following sources: Pierre Poulin, *Histoire du Mouvement Desjardins*, Vol. I: *Desjardins et la naissance des caisses populaires, 1900–1920* (Montréal: Québec/Amérique, 1990); and Pierre Poulin and Guy Bélanger, "Alphonse Desjardins," dans *Dictionnaire biographique du Canada*, Vol. XIV, De 1911 à 1920 (Laval et Toronto: Les Presses de l'Université Laval et University of Toronto Press, 1998), 311–15. The latter can be found in English translation in the *Dictionary of Canadian Biography*.

1. Alphonse Desjardins, *La Caisse Populaire*, I (Montréal: L'École sociale populaire, Brochure #7, 1912), 32.
2. Alphonse Desjardins, "Les caisses d'épargne et de crédit populaire," *La Vérité*, 1 December 1906, 161.
3. *La Caisse Populaire*, I, 32.
4. Michel Brunet, "Trois dominantes de la pensée canadienne-français: l'agriculture, l'anti-étatisme et le messianisme. Essai d'histoire intellectuelle," in *Écrits du Canada français*, III (1957), 43.
5. "Les caisses d'épargne et de crédit populaire," *La Vérité*, 15 December 1906, 179.
6. Alphonse Desjardins, "L'Union des forces sur le terrain économique," *La Vérité*, 1 October 1910, 82.
7. Alphonse Desjardins, "Mémoire sur l'organisation de l'agriculture dans la province de Québec," in Cyrille Vaillancourt and Albert Faucher, *Alphonse Desjardins: Pionnier de la coopération d'épargne et de crédit en Amérique* (Lévis: Le Quotidien, 1950), 167.
8. *Ibid.*, 226.
9. Lévis, Confédération des caisses populaires et d'économie Desjardins du Québec, Fonds Alphonse-Desjardins: Alphonse Desjardins à Louis-Amable Jetté (lieutenant-gouverneur de la province de Québec), 1 December 1905.
10. *La Vérité*, 2 November 1920.
11. "Feu M. le Commandeur Alphonse Desjardins," *L'Action catholique*, 2 November 1920, 1.



*It may be doubted that the so-called ignorant masses are capable of rising to the economic, moral, and intellectual level necessary for the effectual operation of their economic and political machinery. But that is our dream. If we are prepared to offer men the task of self-government, if we ask our people to run the biggest business in the country—the country itself—we cannot then, in the next breath, turn around and say to them that they are not competent to run their own grocery store. We cannot grant the privilege of political democracy and at the same time withhold the opportunities for economic democracy on which it should be founded. That would be a contradiction between our fundamental philosophy and our application of it.*

M.M Coady, *Masters of Their Own Destiny*  
(1939; reprint, Antigonish: Formac, 1980), 154–55.

## ***“In These Pioneer Days”***

*George Keen and Leadership  
through Sacrifice and Determination*

*Ian MacPherson  
Director, British Columbia Institute  
for Co-operative Studies*

**H***e was an unlikely revolutionary. Yet, almost single-handedly,* he built the central organization for what became the largest social movement in Canada, and led it for more than three decades.

He abhorred violence and was uncomfortable with social unrest. He was a devout Roman Catholic with a deep love of his family and a reverence for church ritual. When interviewed in the 1930s by leaders of the League for Social Reconstruction, the “think tank” for the Co-operative Commonwealth Federation (forerunner of the New Democratic Party), they found him “disappointing and doctrinaire.”<sup>1</sup> The powerful farm leaders of his day generally ignored his concerns about the ultimate potential of agrarian radicalism. Though he numbered many trade unionists among his friends, most of them lost patience when he questioned the possibilities of working-class revolt.

Even his appearance and style suggested the opposite of revolution. For much of his adult life he sported an elegant goatee. He customarily dressed in vested business suits, even though his rather meagre income over the years meant they were often frayed at the edges. Partly trained in an English law office, he wrote and spoke with the heavy hand of a lawyer explaining wills, trusts, and torts—not the normal writing style of a revolutionary. Above all, he was Edwardian, but contradictorily enough, sometimes English as in the working-class aspirant for respectability, or sometimes as in the middle-class defender of traditional values; he never did seem able to situate himself comfortably within either of those broad class divisions. But English he

was: to the end of his days he referred to the “Old Land” with a lingering sentimentality and continuing affinity, and always seemed to find North American life a little brash and unseemly.

And yet a kind of revolutionary he was for most of his public life, advocating a radical reconstruction of society on the basis of co-operative thought, ethos, and action. Throughout his writing, tortured as it could sometimes be, repetitive as it often became, and practical as it typically was, there lies a profound dissatisfaction with the world as it was unfolding in the first half of the twentieth century. In his own way, he consistently and faithfully proposed a blueprint for the alternative society for which he struggled most of his adult life.

### ***Beginnings***

George Keen was born in Stoke-on-Trent in the industrial Midlands of England on 8 May 1869. Thirty-five years later, in 1904, he and his family immigrated to Ontario. For a few years, he made what seems to have been a comfortable living selling bonds for various loan companies. In 1908 he attended a founding meeting for the formation of a consumer co-operative in Brantford—a co-operative like those he had known earlier in the working-class districts of the English “Black Country.” He became its president in 1909.<sup>2</sup>

On 6 March of that year, at his suggestion, a group of six men gathered in the manager’s office of the Hamilton Co-operative Concern. They were attending the first congress of the Co-operative Union of Canada (CUC). One of the men was Keen; two of the others were from the Hamilton organization, then a thriving business. Another was Samuel Carter, an Englishman from Guelph, a successful manufacturer who devoted considerable time to a local consumer co-operative of which he was president.<sup>3</sup> In the evening, two representatives from Cape Breton, Willoughby McLeod from Glace Bay and A.W. McMullan from Dominion, arrived by train. They were representing the strong movement in the mining districts of Nova Scotia, with roots stretching back to the 1860s and with significant support among British mining families, who brought in their cultural baggage an inspiring devotion to consumer co-operatives.<sup>4</sup>

The meeting was the beginning of George Keen’s main career, avocation, and calling. Elected general secretary by the six in attendance at the CUC’s first congress in Hamilton, he held that office for thirty-six years, retiring in 1945 at the age of seventy-six.<sup>5</sup> It was a work into which he threw himself with great enthusiasm and dedication, not unlike one might expect to find in a devoted missionary for a Christian church in a foreign land.

From the beginning, and throughout his co-operative career, Keen articulated a strong commitment to the British—particularly the English—co-operative movement. He read deeply and repeatedly in the literature of that

movement, notably the writings of George Holyoake, Henry Woolf, Edward Vansittart Neale, and J.T.W. Mitchell. During the 1920s, he read extensively and profitably in the translations of the great French co-operative theorist Charles Gide, arguably, then as now, the most profound philosopher in the consumer co-operative tradition.

Given these formative influences, it is not surprising that Keen's original intellectual home was in the consumer movement. Indeed, for many years he espoused the consumer theory of co-operation, and even after he ceased to propagate that view (in the late 1920s), one suspects he secretly harboured it. Certainly, even as he promoted agricultural, banking, and worker co-operatives, he continued to envision the primacy of consumption in the unfolding co-operative commonwealth for which he laboured.

### ***The Consumer Theory of Co-operation***

Like other advocates of the consumer theory of co-operation, Keen believed that all human beings shared a fundamental interest in the preparation, manufacture, and distribution of high quality consumer goods sold at fair prices. It was logical, therefore, to organize society upon the basis of intelligent consumption rather than on the basis of production—the explicit or implicit view widely held by those who sold their labour or made their investment on the basis of production, be it in industry, agriculture, or mining.

An undue emphasis on production, Keen argued in different ways, created inflated prices, conspicuous consumption, misleading advertising, exploitative practices, and class warfare. In contrast, a society organized prudently for the wise use of resources, controlled democratically through co-operative organizations, would be characterized by fair prices, appropriate consumption, the absence of customer manipulation through advertising, a wise stewardship of resources, and class cohesiveness in the common good.

Early in his career, Keen believed in the possibilities of local consumer co-operative societies as long as they were organized in conformity with true co-operative principles. He adhered to the Rochdale Principles as they had become defined between 1844 and 1854,<sup>6</sup> which meant that, in addition to the specific principles on economic democracy, cash sales, support for education, and dividends based on participation, he supported the original broad Rochdale objective of the early nineteenth century: namely, the arrangement of “the powers of production, distribution, education, and government [so] as to create a self-supporting home colony.”<sup>7</sup> To use Charles Gide's term, he was a mystic co-operator, one of those people who believed in the capacity of well-operated societies to constitute “a little world organized in conformity with justice and social benefit.” All that was necessary was to “let it develop spontaneously, either by growth or imitation, to realize in the more or less distant future the best of all possible worlds.”<sup>8</sup>

Once people learned the benefits of “associative intelligence”—the habits of mind and the technical expertise upon which good co-operatives could be formed—Keen believed they would naturally expand that mode of thought and action to all their economic and social activities. Put another way, a properly functioning consumer co-operative movement controlling the factors of production would create what yet others would call a moral economy based on ethical values and not just market forces.<sup>9</sup>

### ***World View***

Because of his belief in the importance of local consumer societies, Keen devoted most of his time as CUC general secretary to the strengthening of local organizations. He believed they would be the basis upon which a strong national co-operative movement could be built. That meant concentrating on education—first, to make people aware of the benefits, history, and thought of the co-operative movement; second, to train elected leaders so they could provide effective stewardship for the stores they directed; and third, to prepare managers and staff so they would appreciate and sustain the differences in the places where they worked.

Keen was also sympathetic to the guild socialists of the nineteenth century and to the Fabians, particularly Beatrice Webb. He was drawn intellectually to William Morris and, like him, developed a romanticized view of the mediaeval era, often writing admiringly of its alleged social cohesion and communitarian values. Perturbed by how modern forms of individualism undermined social unity and weakened community ties, he was attracted in a rather simplistic way to an idealized understanding of the mediaeval period.

As one would expect, he reflected, particularly before 1920, the racist assumptions of his time, class, and ethnic background. He frequently espoused supposed British virtues and sometimes despaired of the challenges of “uplifting the lesser races of southern and eastern Europe.” At one point he even opposed the introduction of smallpox inoculations, believing them to be a way in which the northern races would be sapped of their natural vitality—a not uncommon belief at the time, but one that jars the sensibilities and common values of the late twentieth century.

In many of his writings, too, he displayed a belief in the possibility, at times even the inevitability, of progress. He was aware of the work of Herbert Spencer and revealed, consciously and unconsciously, a belief in social evolution—at least until the 1930s, when that strain of thought became far less evident both in his writings and in common discourse. Perhaps it was difficult to sustain continuing general optimism about the future after the horrors of World War One and the ravages of the Great Depression. In any event, he never lost the progressive conviction that he belonged to a movement with a powerful historical destiny. As he wrote in the booklet in which

he summarized his life, near the end of a second great war and after experiences that might have discouraged many: "In closing, I will give expression to a belief I have held for a great many years: 'Co-operation is the hope of the World.'"<sup>10</sup>

### ***Canadian Issues***

Building upon that hope in Canada, however, had proved to be an arduous task. Part of the problem can be traced back to the failure to secure national co-operative legislation in 1906–1907. The main promoters of national legislation came from Québec, with the most prominent advocates being Alphonse Desjardins, the founder of the *caisse populaire* movement, and F.D. Monk, a Conservative politician from Montréal. In 1906, one of the bills went so far as to be considered seriously in the Senate Committee on Banking, only to be rejected largely because of the lobbying of the Retail Merchants Association. Keen did what little he could to stimulate support for these efforts to establish federal legislation, but he had little success. Whatever effective lobbying was done by the English-Canadian movement was undertaken by the burgeoning agricultural marketing organizations, especially in western Canada.<sup>11</sup>

The failure to secure a national act profoundly affected the remainder of Keen's life and determined the kind of leader he had to be. It meant that he would have to work with fledgling co-operative movements in each of the provinces to encourage the development of appropriate co-operative legislation. It also meant that he had to work for an organization that had a limited ability to create national momentum. Almost all of the organization's resources would be concentrated on assisting small bands of co-operative enthusiasts and in advising on co-operative legislation. The CUC would not, as was the case with the Co-operative Union in most European countries or the Credit Union National Association in the United States (the organizing agency for credit unions), be able to develop an extensive national programme. That would be a problem for Keen and the CUC. It would also be a problem for the national movement, which would always be challenged in encouraging Canadian co-operators to take a truly national view.

The focus on provincial movements imposed special pressures on the national co-operative leadership. Not until the 1950s (after Keen had retired) would there be enough provincial or regional strength to think about creating national economic activities of any consequence. As for George Keen, he spent much of his time struggling to foster a national perspective, even among those who took some interest in the organization he largely managed. Most Canadian co-operative leaders were primarily preoccupied with their own organizations; they supported the possibility of developing a national co-operative focus reluctantly and out of a sense of duty rather than

deep commitment. Only when taxation or legislative issues arose would their interest really be galvanized into effective national initiatives. The ironic reality was that the further one moved up the structural pyramid of the Canadian movement—from local to provincial to regional to national levels—the less power, influence, and resources were readily available.

That left Keen to find limited and inevitably self-sacrificing ways to build the national movement. He did so in large part through voluminous correspondence<sup>12</sup> and the publication of a journal, *The Canadian Co-operator*, which he edited from 1909 to 1943. He also travelled as much as he could. In 1924, a Hamilton lawyer and supporter of people's causes, J.L. Counsell, successfully convinced representatives of the Canadian National and Canadian Pacific railways that the CUC was a charitable organization serving the needs of working people. As a result, he made it possible for Keen to secure passes on the two railroads. In the years that followed, Keen made several trips to eastern Canada, particularly Nova Scotia, and annual trips to the Prairies, most importantly to Saskatchewan.<sup>13</sup>

### ***The Prairies and Atlantic Canada***

Through his correspondence and trips Keen built up a network of co-operative advocates, many of them from the "Old Land." Almost all of them were involved with local consumer co-operatives. Some were associated with the labour movement and a few were supporters of the Independent Labour Party (as was Keen during the period 1906–1918). An increasing number over the years came from the public service and the more radical wings of the agrarian movement, notably in Alberta. One of his most important contacts was W.A. Waldron, an English co-operator who was responsible for co-operatives for the Saskatchewan government during the 1920s. The two developed a close friendship and Waldron organized many tours of Saskatchewan for Keen, tours that cumulatively did much to define one stream of co-operative thought in that province's rich co-operative history.

Keen also had a significant impact on the movement in Atlantic Canada. For many years the largest consumer co-operative in Canada, indeed in North America, was in Sydney Mines, Nova Scotia. It was a particularly British institution dominated by recently arrived immigrants steeped in the views and customs of the English movement, and somewhat estranged from the non-English groupings that were prominent in other Cape Breton co-operatives. They were also largely Protestant and thus, at least at first, somewhat reserved about the co-operative enthusiasms emanating from the Extension Department of St. Francis Xavier University in Antigonish beginning in 1928.

Keen's relations with Antigonish were always cordial and he had a particular respect for Jimmy Tompkins, the fiery little priest who provided much of the initial nerve and intellectual leadership of the Antigonish movement.

Keen was an early and continuous source of information on consumer co-operatives and credit unions, not only to Tompkins but also to Moses Coady and A.B. MacDonald, the other principal leaders of the movement. Keen, however, was essentially a promoter of co-operatives, particularly consumer co-operatives, not an adult educator. That meant he was ultimately too cautious and limited for the leaders of Antigonish, who started from social/economic issues and then sought communitarian—especially co-operative—solutions to the problems they found. It was a difference in emphasis that made Keen a kindred spirit but not a close ally, an occasional speaker and correspondent but not an intimate partner.

Keen's effectiveness as a co-operative leader in Atlantic Canada and the Prairies, therefore, stemmed partly from his ability as a speaker. While hardly an orator, he possessed a calm dignity and transparent commitment that overcame his tendency to wordiness and quiet delivery. Throughout his co-operative career he spoke with a faint English accent that probably helped him on the platform. Most importantly, though, he had an intimate, experienced understanding of his topics that he projected with great sincerity. During the 1920s and 1930s, he was an articulate and effective spokesperson for the co-operative movement and did much to explain it to audiences mostly in small communities scattered across the country.

### ***A Profound Impact***

Through his writings and speeches, Keen was largely responsible for firmly establishing the English consumer viewpoint in Canada. More than anyone else, he made the British consumer approach the prevailing orthodoxy in many English-Canadian co-operative circles. He became one of the strongest voices in helping to define the essence of co-operativism in Canada over the years, not only in print and on platforms but also in the halls of legislatures. Keen and his associates had a profound impact on how co-operative legislation was drafted during the first half of this century. Almost invariably, co-operative legislation would conform with the strictures and organizing philosophy of the British consumer movement. The only exceptions were some specific legislation for agricultural co-operatives and, beginning in the 1930s, credit unions.

Keen's view of the state was important in situating the co-operative movement within the political economy of Canada. He was passionately committed to the independence of co-operative institutions. Whenever possible, therefore, he helped shape legislation across Canada that maximized the autonomy of co-operative boards and organizations. He also urged governments to understand and to protect the distinctive qualities of co-operative institutions so they would not become blurred shadows of private enterprise. For that reason, he waged a partly successful battle with income tax author-

ities for years over the nature of dividends. He argued that they were savings achieved by people working together, while tax officials wanted to view them as profits.

He believed, nevertheless, that governments had an obligation to provide information on co-operatives—and support for them—just as they would for private businesses. For example, he worked closely with W.A. Waldron and his successor in Saskatchewan, B.N. Arnason, to create government services for co-operative development. He knew all too well that beginning co-operatives required advisory assistance, that few co-operatives could expect the kind of support agrarian organizations had given marketing co-operatives, and that the state could provide some of that support. Moreover, he believed that local co-operatives needed regular inspection and, in the days when auditing services were not readily available, regular government inspection could help meet that need.

### ***From the Bottom Up***

In his development activities, Keen was not a high-charged promoter. He made few rash promises and always stressed the slow, careful development of co-operatives “from the bottom up.” He consistently spoke out against the rapid growth of co-operative organizations, and particularly opposed anything that resembled the chain-store systems that started to revolutionize retail businesses in the 1920s. Most importantly, in the early 1920s, he significantly influenced the leadership of the United Farmers’ Co-operative (UFC), a rural-based group of farm supply and retail stores, when the manager of the day, T.P. Loblaw, who did eventually go on to found the well-known grocery chain, wanted to transform locally owned societies into a chain-store system. Working through W.C. Good, a long-time friend and, from 1921 to 1945, president of the CUC, he convinced the UF Co-op board that it would not be a good idea.<sup>14</sup>

Similarly, and as mentioned elsewhere in this volume, he viewed negatively the too rapid development of wholesales based on significant government involvement, even though he longed for the stability co-operative wholesaling could bring to local societies. In his mind, it was always more important to develop co-operators than to create co-operatives. As he wrote in 1928:

Our ambition...is to get Co-operators first and Co-operative stores will follow in due course. Our progress is not dependent upon the number of stores and the economic success realized in these pioneer days. The future of the Movement in Canada depends upon the extent to which we can convert the people to our great social religion.<sup>15</sup>

Keen’s cautious and steady approach, often frustrated by adversity, con-

trusted sharply to the methods typically employed by the promoters of agricultural co-operative development in the first half of the twentieth century. The early campaigns on behalf of co-operative marketing in the grain, livestock, and fruit industries on the Prairies, in Ontario, and Atlantic Canada were, in comparison, high-powered efforts supported by farm organizations and often by governments. The pooling operations of the 1920s, initially in the grain economy and latterly among other commodity groups, sometimes approached crusades. They were concerned with forming groups drawn out of several communities and capable of significantly influencing, if not controlling, large industries. Partly for that reason, Keen was rarely appreciated by the leaders of organizations that almost overnight, it seemed, had become major forces in the Canadian economy. For most of his career, therefore, he endured a rather patronizing attitude from the larger co-operative bodies that emerged during the 1910s and 1920s.

### ***The Women's Guilds***

Keen worked almost exclusively with men. Invariably, consumer co-operatives were led by men and most of the employees appear to have been men. Keen, however, aware of the work of the women's guilds in the British movement, sincerely tried to develop guilds all across Canada. His motives were simple. First, he knew that women in the United Kingdom, through their loyal patronage, had largely accounted for the success of the co-operative movement—the so-called “Victory of the Breadbasket.” Second, as an admirer of the work of Llewelyn Davies and Emmy Freundlich, he knew that the women's guilds had been the conscience of the British and the international movements; he hoped guilds would play the same role within Canadian co-operatives.

Keen's efforts achieved some successes, and most provincial movements developed guilds, with Saskatchewan producing the largest number and most dynamic organizations. But even there they never became the important force that Keen had hoped. Perhaps the approach was fundamentally wrong; he accepted fully, as mentioned elsewhere in this volume, the doctrine of domesticity; but then so did most of the women involved in them.

Keen himself attributed his limited success to the unwillingness of the essentially working-class and farm women supportive of co-operatives at that time to assume leadership roles. Most of them were reluctant to speak out or to run for office. In the case of rural women this is somewhat surprising, given the effectiveness of women in many farm organizations. Perhaps it was a case of not enough leadership candidates to go around. Maybe it had most to do with the exclusion—intentional or unintentional—of women generally from power within co-operatives. It must be admitted, for example, that Keen, in advising governments on co-operative legislation, never advocated

making it easier for housewives to be full-fledged members without buying a family's second membership share.

Keen, the CUC, and the movement lost another opportunity when they did not pursue the possibility of becoming closely involved in the struggle for consumer protection. That movement had its roots in the aftermath of World War One and gained momentum in the 1930s. One can only speculate what the future might have been had the consumer movement specifically identified itself openly and clearly from the beginning with better and healthier food production and consumption practices.

### ***The Importance of Education***

The bulk of Keen's work lay in advising a group of co-operative stores that fluctuated by region and over time across Canada. He spent untold hours trying to work out secrets to the success of local consumer co-operatives. For many years he collected statistics from local societies affiliated with the CUC and then used them to prepare tables on acceptable levels for overheads, margins, and productivity. It was boring and tedious labour, sometimes carried out by one or other of his daughters. He spent still more hours helping, usually at great distance, volunteer boards, often made up of people with limited education and less business experience. He tried to teach them how to understand business statements, to develop policies for store operations, and to work effectively with other nearby co-ops. The work was often further complicated by varieties of forces over which local co-operatives had little control—general economic conditions, debilitating and disruptive strikes (especially in the Nova Scotia mines), population shifts, and even in some instances disasters in the mines where most of the members toiled.

Keen's emphasis on training the elected leadership was, of course, in the central co-operative tradition of emphasizing the education of working people. Throughout his career he was a devout believer in the possibilities of economic democracy, and he placed primary emphasis on the role of volunteers. It was also inevitable because most of his work was with stores in the early years of their development, the period when they necessarily relied on considerable volunteer labour.

Given his emphasis on education and slow development, Keen was not overly disappointed by the relatively slow growth of the national movement. For him the problem was not the approach, but rather the immense challenge of educating enough people to be true co-operators. As he commented in 1943:

The principle reason for the indifferent progress Co-operation has made in Canada is the fact that usually it has been unaccompanied by any co-operative vision on the part of the people who have become responsible for the direction and the management of co-operative societies.<sup>16</sup>

As the years went by, he had increasing contact with the emerging groups of professional managers, notably W.C. Stewart in Sydney Mines, NS, H.W. Ketcheson in Davidson, SK, W. Halsall in Killam, AB, R. Wood in Armstrong, BC, and C.G. Davidson in Lloydminster, SK. While they were different from one another in many ways, the managers with whom he was most continually involved were well aware of the British managerial tradition. They typically followed careful, even parsimonious, management practice, pursued growth cautiously, and defended the importance of local control. Thus, while all believed in the possibilities—even the necessity—of wholesales, they were jealously protective of the autonomy of their organizations. They were as committed as George Keen to the wisdom of gradual development.

### ***Servants of the Movement***

Keen and this group of managers also advocated one of the assumptions characteristic of the best of the British co-operative managers: they were essentially servants of the movement. As Keen particularly appreciated, they accepted that their primary reward was the opportunity to contribute significantly to the cause. They were paid a fair salary, but that did not mean they were paid at what the market might be interpreted to dictate. As co-operatives moved into managerial phases across the country, that perspective would lead to many pressures within consumer organizations.

Keen himself was paid at a low rate. Rather prematurely, Keen and the CUC executive at the time decided in 1918 that he should become a full-time employee. They did so because the CUC had gained considerable support when it led the fight for appropriate taxation of co-operatives, and because there had been a burst of activity that led to the formation of many new consumer co-operatives during the inflationary period experienced during World War One. Keen's pay was \$1,000 per year, at the time a reasonable salary. The salary was to be recovered from annual dues from member organizations, primarily consumer societies across the country.

The problem was that the dues paid by local societies rarely covered the costs of the office and his salary, which meant that his salary was often in arrears, at various times more than a year in arrears. It also meant that his wife, who understandably often chafed under the inevitable financial stringencies, and his children, indirectly carried much of the cost of operating the CUC. Moreover, the salary did not increase significantly until his retirement in 1943, at which time the national movement, not without some controversy,<sup>17</sup> financed a modest pension for him.

Some co-operative organizations and some individuals did recognize his plight over the years. The United Grain Growers sustained its membership longer than it probably wished after attacks from the wheat pools during the 1920s accusing the organization of being structured too much like a

private firm; it did so partly because it respected the work he was doing. The wheat pools donated two grants of \$500 and \$1,000 to him personally during the later 1920s, funds which he nevertheless used to support the work of the CUC. In 1928, the International Co-operative Alliance, as discussed elsewhere in this volume, contributed £500 to the CUC as a result of a visit by Henry J. May, its general secretary. Among the individuals, J.L. Counsell donated \$1,000 directly to Keen, and J.J. Harpell, a printer in Gardenvale, PQ, and supporter of the worker co-operative and co-partnership traditions, contributed various sums over the years. Despite these donations, and as is usually the case with national co-operative organizations, funding was always a pressing and demoralizing problem. More importantly, it imposed serious restrictions on what could be done.

### ***A Change of Heart: Encouraging Other Co-ops***

Perhaps because of the funding problems, more likely because he genuinely became somewhat more flexible over the years, Keen became steadily more empathetic to other forms of co-operatives as the years went by. Initially, he was not impressed by the agricultural marketing co-operatives that emerged throughout Canada during his early years with the CUC. He was not convinced that many farmers saw much more in co-operatives than a way to combine their narrow self-interests. He rarely saw evidence that they were trying to work towards more just economic conditions; he thought they simply wanted to receive more for the work they did.

Partly because of the influence of W.C. Good, who definitely did not fit the materialist mode,<sup>18</sup> he gradually changed his mind. Moreover, when he started to visit the western farmers in the 1920s, he met individuals such as W.H. Popple, John T. Hull, A.J. McPhail, and P.P. Woodbridge, whose practical idealism and devotion impressed him greatly. And as he began to understand the plight of rural farm families in the West particularly, he saw the necessity for them to mobilize their resources, to pool purchases, and to combine within the market-place.

In the mid-1920s, Keen entered into the producer/consumer debate then dividing the international movement. Put simply, the issue was whether those who consumed or those who farmed should have the more powerful role in deciding supply and price for what they exchanged.<sup>19</sup> Keen pleaded for co-operation between the two movements as a means of searching for ways to establish a fair price and to recognize each other's validity. It was a remarkable step for one so steeped in the consumer approach. Thereafter, he maintained a more sympathetic view towards agricultural co-operatives, although they never achieved the same level in his mind as their consumer counterparts.

In the tradition of George Holyoake, his most important intellectual in-

fluence, Keen was always supportive of worker co-operatives, but particularly worker co-partnerships, in which workers might share in profits and, to a limited extent, ownership. Canada, however, was barren ground for such innovative business workplaces. Aside from the aforementioned J.J. Harpell and Henri Lasserre, an Owenite sympathiser who tried to develop worker co-operatives in Toronto during the 1930s, there was little interest. The Canadian working class looked more to industrial unionism and political action to defend their interests.

Similarly, Keen wrote about and supported housing co-operatives and credit unions. His only really successful involvement in co-operative housing was with students at the University of Toronto in the 1930s; in appreciation of his help they named one of their houses after him. As for credit unions, Keen was in contact with Desjardins from the beginning, but his limited organizational work only began in 1928, when he worked with Roy Bergengren from the Credit Union National Association in the US to establish the first permanent credit union in Welland. From that time on, in both his writings and speeches, he regularly advocated the development of credit unions, and played a particularly important role in fostering their growth in western Canada.

Keen, therefore, became an advocate for all kinds of co-operatives, even though his primary focus remained the consumer movement. His approach emanated very much from within the movement outward, not from an understanding of contemporary social issues and hence to the efficacy of using co-operative solutions for specific problems. That subtle difference did much to position the movement as an island unto itself in a sea of industrial capitalism and liberal orthodoxy. In a very real sense, Keen's impact was not so much readily measurable as it was attitudinal and theoretical.

### ***A Pivotal Leader***

In fact, despite the relative weakness of the CUC throughout his career, there is no doubt that George Keen was a pivotal leader in the English-Canadian movement. He was primarily responsible for the establishment and continuation of the Co-operative Union of Canada during the formative period of the national movement. He provided a consistent understanding of the nature of co-operative philosophy and principles at a time when there was a powerful need for it—both by those who would start and manage co-operatives and those who would provide a legislative framework for them. As a result, he became one of the key prophets in defining co-operative orthodoxy for several generations.

How did Keen provide leadership? Essentially it was through his moral authority. While it is difficult for people in the more cynical 1990s to appreciate that such people can exist, Keen was an archetypical movement ser-

vant. His devotion was total and all-consuming; the costs he and his family paid were continuous and immense. He created much of the ideology of the movement and helped identify the key figures from whom the movement gained legitimacy. Indeed, to the extent that the English-Canadian movement was willing to celebrate a leader and his accomplishments—and it has always been loath to do so—George Keen was recognized for what he had done.<sup>20</sup>

His leadership was also inherently traditional in several ways. He took a cautious approach to co-operative development, forsaking more rapid forms of growth easily found in the United States or elsewhere. He stressed education as the essential technique for sound development, an inevitably slow and complex method. He concentrated upon developing local cells of co-operative strength and then using federated structures to build upon them. He was committed to the independence of co-operatives from the state, though he looked to the state for some kinds of assistance and to co-operative leaders to articulate a co-operative perspective on public matters. At times, he even mused on the possibility of some day forming a co-operative party.

Keen also articulated an interest in, and support for, all kinds of co-operative endeavour. As the years went by, he differed somewhat from the trend in the British movement that saw the consumer co-operatives back away from close ties with other co-operatives and from support for worker participation. In fact, he was something of a throwback to the inclusive midnineteenth century co-operative perspective within which the British movement had emerged.

Arguably, that was George Keen's ultimate strength as a co-operative leader. Within himself he carried decades of understanding and a capacity to see the movement over time and in a broad context. He contributed advice based on arduous labour and insight derived from a lifetime's study of the movement's history and thought. Among the wide diversity of people in the Canadian movement, many of whom had limited understanding of the movement's essential purposes, that was a contribution of inestimable value, even if it was begrudgingly recognized.

### ***Endnotes***

1. Interview with Frank Underhill by the author, Ottawa, May 1968.
2. "Prospectus," Brantford Co-operative Society, 1908, George Keen Papers, National Archives of Canada, vol. 3, file: Brantford Co-op, 1908.
3. Carter became the first president of the CUC, serving until 1921.
4. For more detailed descriptions of the creation of the CUC, see Ian MacPherson, "The Search for the Commonwealth: The Co-operative Union of Canada, 1909–1939," Ph.D. thesis, University of Western Ontario, 1970, 74–78; and Ian MacPherson, *Building and Protecting the Co-operative Movement: A Brief History of the Co-operative Union of Canada, 1909–1984* (Ottawa, 1984), 2–8.

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5. During most of 1944 and until May 1945, Keen's successor, A.B. MacDonald, was actually responsible for most of the operations of the organization.
6. The Rochdale Principles, of course, are more complex and extensive than they are often defined. In the early years, in addition to the specific principles on economic democracy, cash sales, and dividends on participation, they envisioned long-term goals of establishing co-operative communities. Keen adhered to this broader vision, not just the narrower ambitions that came to characterize the English movement as it became a large and diverse institutional framework in the United Kingdom.
7. C. Gide, *Consumers' Co-operation* (New York, 1912), 62.
8. Ibid.
9. Keen never used the term "moral economy," but his perspectives on the need to shape economic matters by moral and ethical precepts echoed an older tradition in British and especially co-operative circles going back to at least the eighteenth century. See Peter Gurney, "Labor's Great Arch: Cooperation and Cultural Revolution in Britain, 1795–1926," in E. Furlough and Carl Strikwerda, eds., *Consumers Against Capitalism: Consumer Cooperation in Europe, North America and Japan, 1840–1990* (Lanham, 1999), 135–72.
10. George Keen, *The Birth of a Movement: Reminiscences of a Co-operator* (Montréal, nd.), 54.
11. MacPherson, "The Search for the Commonwealth," 40–64.
12. His correspondence, forming one of the richest sources in the world for those interested in co-operative studies, are available in the National Archives of Canada. They are filed under The George Keen Papers and The Co-operative Union of Canada Papers.
13. See MacPherson, *Building and Protecting the Co-operative Commonwealth*, 75.
14. MacPherson, "The Search for the Commonwealth," 316–25.
15. *The Canadian Co-operator*, November 1911, 4.
16. George Keen, "Consumers' Co-operation: The Way to Success" (N.p., n.d.), pamphlet in author's possession.
17. Interview with Breen Melvin by the author, August 1973.
18. The W.C. Good Papers in the National Archives are remarkable in revealing Good's interest in ethical issues and economic matters as well as reform politics. His book, *Farmer Citizen: My Fifty Years in the Canadian Farmers' Movement* (Toronto, 1958), traces his life-long quest for the development of a more ethical order.
19. See M. Digby, *Producers and Consumers* (London, 1928) for an analysis of the debate from a particularly thoughtful observer.
20. The concluding section in Keen's memoir, *The Birth of a Movement*, contains an untypical immodesty, a series of testimonials to his accomplishments by many of the prominent leaders of the 1940s. The most obvious theme running through the comments is the clarity and determination with which Keen for nearly forty years had articulated co-operative philosophy and values.



*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! 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 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.*

Aaron Sapiro, as quoted in S.W. Yates,  
*The Saskatchewan Wheat Pool, Its Organization and Progress*  
1924–1925, ed. A.S. Morton (Saskatoon, 1927), 77.



*When I hear men talk about women being the angel of the home I always, mentally at least, shrug my shoulders in doubt. I do not want to be the angel of any home; I want for myself what I want for other women, absolute equality. After that is secured then men and women can take turns at being angels.*

Agnes Macphail as quoted in  
Margaret Stewart and Doris French,  
*Ask No Quarter: The Story of Agnes Macphail*  
(Toronto: Longmans, 1959), 86.

## ***“Let Us Co-operate”***

### *Violet McNaughton and the Co-operative Ideal*

*Georgina M. Taylor  
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**A** thirty-one-year-old English immigrant lay alone in the City Hospital in Saskatoon in the spring of 1911. She was sixty-five long miles from the homesteads on which her new husband, her father, and her brother were hard at work breaking and seeding their land. Violet McNaughton had a large, rapidly growing pelvic tumour, but she was in such poor condition that the doctor was delaying the operation that was to end her ability to have and to nurture children of her own. The operation and her recovery helped to raise her consciousness, to make her into an agrarian feminist, and to push her into social and political activism. Violet later recalled:

I was very ill in one of our city hospitals for two months. Echoes of life under real estate boom conditions and its accompanying extravagances, came to me continually from the city without. I had seen no easy money on the prairie. I realized that it was the efforts and sacrifices of the men who had trekked out beyond the city, which had made real estate possible. I had previously become interested through my husband in the G[rain] G[rowers'] A[ssociation]. I returned home from the Hospital more than ever interested in the GGA.<sup>1</sup>

At a turning point in her life, Violet went home to the Hillview farm district near Harris in central Saskatchewan to recover from her hysterectomy in a small sod shack with a dirt floor and a leaky roof. Over the next two years she rethought her life, became an enthusiastic Grain Grower, and came to see herself as an activist with a mission. Early in 1913, her new friend and confidant Lillian Beynon Thomas, an agrarian journalist from Winnipeg, was to reassure Violet that she had been “deprived of some of the things that

make life a joy for others, but you still have the power to help make the world a brighter and better place for others and that is something to be thankful for.”<sup>2</sup> This affirmation of Violet’s mission by a well-respected prairie feminist and agrarian journalist reassured her and helped her to forge ahead.

McNaughton was to become the leading woman in Saskatchewan and the most influential farm woman in Canada during the first half of the twentieth century. She was to develop a religious-like belief in the ideal of co-operation; that is to say, she fervently believed that co-operation rather than individualism could improve the lives of farm people and other “plain common people” around the world.<sup>3</sup> She became a leader of the Canadian co-operative, farm, women’s, and peace movements, and she was involved in, and supportive of, other movements for social justice. Up to the mid-twenties her work was mainly as an activist and an organizer; thereafter she focussed primarily on education. By the 1920s she was one of Canada’s leading co-operators, and her co-operative ideology informed her activities and the way she related to others both in private and in public. She believed that co-operation could not only solve the economic and political problems of farm people and other “plain common people” who were low in the hierarchies of power, but also that “a co-operative culture” could go far in improving personal relations and in “making a brighter and better place” at local, provincial, regional, national, and international levels.<sup>4</sup> For almost half a century, in one endeavour after another, she worked with people with whom she believed she had “ground for common action.”<sup>5</sup> Her frequent appeals to others were summed up in an appeal she made to the readers of *The Western Producer* in August of 1931. “Let us co-operate,” she urged them, “in trying to plan for a better social order than we have at present.”<sup>6</sup>

To understand McNaughton’s fervent commitment to the co-operative ideal, it is helpful to begin by looking at her experiences with radicalism and with co-operators in England; second, to examine more fully her marriage and her pioneer experiences in rural Saskatchewan; third, to explore some of her many activities as a prairie co-operator; and finally, to focus on her promotion of the International Co-operative Women’s Guild.

### ***Co-operators and Radicalism in North Kent***

Violet Jackson, a bright-eyed little baby, was born in Borden, Kent, in south-eastern England in 1879 during the depression of the late nineteenth century. Although she had rickets, which affected bone development, prevented her from walking until she was three years old, and stunted her growth, her parents and her extended family loved and treasured little Vi, as they called her. They helped her develop into a “Mighty Mite” with an indomitable spirit.<sup>7</sup> Vi was taught to be proud of her ancestors, who had been in the rural rebellions early in the nineteenth century in north Kent. Her mother’s fam-

ily had lived in the agricultural village where she was born for as long as anyone could remember. Her working-class father, who had married up into this lower-middle-class family, ran a grocery store in Borden with her mother. They gave their eldest child the run of the village and the surrounding hills. One of the democratic villages that had no local squire and opposed aristocratic privilege, Borden was in an area of Kent dominated by small landholders who grew cherries and hops. This democratic atmosphere and her class position gave young Vi more freedom than was granted to urban girls in middle and upper middle classes. Later she was to recall that she had always been “a rebel against the established order.”<sup>8</sup> Her rebellious spirit was encouraged by the people of north Kent, one of the pockets of radicalism in England that endured throughout the nineteenth century and on into the early twentieth century. By the time Vi was eleven years old, she was so rebellious she was expelled from the village school.

The Jacksons moved to the nearby twin towns of Milton and Sittingbourne, which were dominated by the brick industry, where Vi was enrolled in a small private girls school. When she was seventeen, she and a cousin bought the school and ran it for eight years before being squeezed out by the popularity of public schooling. Vi then found a job teaching in a small school on a sheep island, but as a supplementary teacher with no formal training, she was in the lowest category of her profession and had a bleak future. Like many in the lower middle class, Vi and her family hovered above the abyss of poverty, their fortunes declining during her final years in England. Her mother died in 1903, and like many Kentish people, her only brother emigrated in 1905. In 1908, near bankruptcy, her father sold what little he had and joined her brother, who was homesteading in Saskatchewan. Beginning in 1900, Vi had been romancing with a young brewer named Frank Anderson and she was engaged to marry him. After a painful battle with “galloping consumption,” Frank died in the spring of 1909, and Vi decided to join her father and brother. In the fall, having recovered from a bout of scarlet fever and having failed to persuade her only sister to join her, she packed two cases of settler’s effects and set out for Canada.

One of the important assets Vi took with her to Canada was her knowledge of co-operatives. Although she was not active in co-operatives herself, many people in north Kent were co-operators, and she seems to have been most familiar with those who organized and maintained the Sheerness and District Economical Society. She was “very proud to be a descendant of one of the founders” of the Sheerness Co-operative, which had been in “continuous existence” from 1816 onward when she reported on it in 1956.<sup>9</sup> The founder to whom she referred was on her father’s side. His working-class family lived near Sheerness on the Isle of Sheppey in the estuary of the Thames River.

As a young adult, Vi and her fiancé, Frank, spent a great deal of time

with his grandparents, the Penneys, who were dedicated members of the Sheerness Co-operative. Vi admired the Penneys, “a very old Sheerness family,” and discussed co-operatives and the questions of the day with them.<sup>10</sup> In 1930 a reader was to send McNaughton, then a journalist in Saskatoon, a book that chronicled the history of the Sheerness Co-operative, “the oldest co-operative society in existence in the United Kingdom.” She eagerly shared her delight with her readers in the next issue of *The Western Producer*. “Imagine my surprise and pleasure,” she told them, when she opened it to find

a picture of John Penney, one of the first presidents, taken from an old oil painting which was a treasured possession of his family, with which I was intimately connected, and on the following page a splendid picture of his son, councillor W.J. Penn[e]y, J.P., with whom the history of this co-operative venture is associated for upward of seventy years. For the story of the Sheerness Co-operative is largely a story of the Penney family. Pardon the personal allusion, but you can understand my sensation on finding in my morning’s mail pictures that so unexpectedly and vividly recalled much of my former life.<sup>11</sup>

McNaughton’s 1930 account of the history of the Sheerness Co-operative not only tells about her connection with the Penneys, it also outlines the history of this Kentish co-operative and shows her familiarity with co-operators in England. In addition to this, the article is an excellent example of her attitude towards the co-operative movement during her later life in Canada, and the way in which she was to use this history as a means of educating her readers and encouraging them to continue their own co-operative endeavours. The Sheerness Co-operative, McNaughton explained in her article, was founded in 1816 by dockmen from the Royal Navy’s large dockyard in Sheerness in an effort to provide their families with a supply of good bread and butchers’ meat. Unlike the Sheerness Co-operative, other early co-operatives in Britain floundered, in part because they had been organized from the top down by middle-class people such as Robert Owen. The Sheerness Co-operative was not a utopian Owenite community isolated from the rest of society; it was organized by practical, working-class people living in dire conditions in a seaport town. It was established twenty-eight years before the Rochdale Society of Equitable Pioneers was founded in 1844 by “the ‘owd weavers” of “Toad Lane,” using the now famous Rochdale principles that became the basis for modern co-operatives. Outlining the history of the pre-Rochdale co-operatives in Britain, McNaughton observed that “the Sheerness Co-operative Society is the only one which still remains to bear witness to the foresight of these men who more than a hundred years ago demonstrated the principle of self-help based on mutual trust.”<sup>12</sup>

In 1816, the year after the Battle of Waterloo, there were “dark days” in

Britain, which had dire consequences for the people on the Isle of Sheppey, a sheep island with a large naval base and no railways. As McNaughton observed, “stage coaches were for the gentry.” This put the working-class people of the Isle, such as Vi’s ancestors, at a disadvantage during the transformation of the economy as the nation industrialized. In addition to this, although agriculture and seaports had thrived during the Napoleonic Wars, they slumped during the postwar depression, creating “great distress” among agricultural people and the working poor on the Isle. As McNaughton told her readers, the wages of the dockyard labourers were very low, “house rent was dear, and illness was frequent” because of the unsanitary conditions and the poor water supply. Always suspicious of economic elites and sympathetic towards the working class, she asked her readers to

imagine the conditions of the people where the cleansing agency of water in a low-lying seaport town was supplied by private wells by private persons whose only concern was private interest. But the dockyard men of Sheerness had grit and gumption. They realized their hardships; and they saw their earnings never obtained all the food and water to which they were entitled by their labor. Some of them met together in the long evenings “when the dockyard bell had throbbled its last stroke” and talked over the question of a supply of bread and meat to themselves without others having the gain. Out of these meetings arose the association....

In addition to providing a supply of meat and establishing co-operative bake houses and a delivery system for bread, the Sheerness Co-operative bought a well to provide pure water, and worked out a set of effective rules, which contributed to the longevity of the organization. In 1919, a decade after Vi left Kent, it amalgamated with another co-operative, “a branch of the larger and wider movement developed by the Rochdale pioneers.”

To drive home the point that co-operative ventures could be undertaken by unassuming people who had “grit and gumption,” such as many of her readers who in 1930 were grappling with the onset of the Great Depression, McNaughton observed that “these Sheerness Pioneers did not know they were making history; their endeavour was to make ends meet. They did not make much of a stir; they simply decided to join together to supply urgent needs.” She concluded by explaining her motives for telling this story. “This little page of unknown history,” she argued, “gives us some idea of the thought and vision of these early pioneers” and it “should help us to continue our own chapter of the wider fields of co-operative endeavour.”<sup>14</sup>

In other words, this spunky little Kentish woman may have been poor in worldly goods but she took many valuable attributes to Canada, not the least of which were her own “grit and gumption,” her radicalism, her belief in the co-operative ideal, and her skills as an educator.<sup>15</sup>

***Marriage and Pioneering in Rural Saskatchewan***

From the beginning, Violet Jackson liked the prairies and the people in the Hillview farm district, especially a witty, radical, little New Zealander who was the descendent of rebellious highlanders in Scotland. John McNaughton admired the militant farmers in New Zealand, dubbed “the cow cockies” by their foes, who organized numerous co-operatives. He thought Canada needed the advanced legislation pushed through by them and by feminists in New Zealand.<sup>16</sup> He fell in love with the tiny Kentish woman with radical ideas and they were married in May of 1910, less than seven months after she arrived. Violet’s feminist beliefs did not threaten John, and throughout their fifty-five years of marriage he was to show time and time again that as her “friend husband” he was the sort of profeminist man she needed.<sup>17</sup> Their “home partnership,” as she called it, was one of equals, and this was to facilitate her involvement in public life for decades.<sup>18</sup>

Living and working conditions in Hillview were bad. As Violet later recalled, they “lived in a sod shack” and they “started with apple boxes for chairs and home-made beds and not much else. We not only started, but we stayed that way a long time as I was an invalid for quite a few years and couldn’t ‘do my bit.’”<sup>19</sup> When they were first married, they lived in a one-room sod shack that John had built in 1905, much like the homes of other settlers of their class. They later added extensions to the shack and lived in it for fourteen years. Violet reported that the roof,

like the shack itself was timber lined, covered with sod....The roof, as the sods rotted, leaked in exceptionally heavy rains. I recall one occasion when rain came through in thirteen different places. It took every pot and pan we had of any size to catch the water. I recall going to bed with an umbrella held slanting over the bed.<sup>20</sup>

In 1924 they built a small wooden frame house that never did have insulation, running water, or electricity. Nor did they ever have good well water on the farm.

Vi and Jack, as they called one another, worked very hard. They played complementary, but flexible, gender roles. Jack usually did the fieldwork and Vi usually did barnyard chores, raised chickens, kept the books, and did the domestic work, even though she would rather have worked in the fields than done the cooking. She knew, however, that “you cannot work outdoors satisfactorily without a good cook to have meals ready for you.” Later she noted that at times she “helped outdoors in the early days and my mother-in-law looked after the meals.”<sup>21</sup> After her operation she could not do heavy outside work for about five years. In later years, when Vi worked full time for *The Producer*, Jack was the cook. They were happy together, in part because they were both convinced that this co-operative approach to marriage

and to other personal relationships was the best way to live. They both believed their problems were caused by their position in the political economy rather than by personal inadequacies, and therefore, even though they lived in adverse conditions, they did not waste energy blaming one another. Instead, they worked co-operatively in an effort to change the political economy.

Violet soon learned that life on a debt-ridden farm fifteen miles from the village and the railway was not easy, but because the people of the district believed in co-operating with one another they were able to overcome some of their hardships. Their co-operative efforts to cut ice, build the school-house, and take care of a big family who were all ill with typhoid, helped to create a close-knit, vibrant community. They also organized enjoyable social events, which helped to lighten their burdens, though they knew they would have to make significant changes in transporting and marketing their grain if their lives were to improve. One of the most difficult challenges was coping with sickness far from nursing, hospital, and medical services.

These living and working conditions, and her hysterectomy, made McNaughton into a dedicated agrarian feminist and an activist with a passionate commitment to co-operation. Her subsequent experiences as a prairie farm woman were to reinforce these convictions. The dire conditions she and other settlers faced and her own suffering during and after her operation “burned” into her “mind” the need for change.<sup>22</sup>

### ***McNaughton’s Activities as a Co-operator***

#### *The Saskatchewan Grain Growers’ Association*

The McNaughtons were both small, energetic, and enthusiastic, and so well-matched that their neighbours fondly dubbed them “the Pony Pair.”<sup>23</sup> Once Violet was well enough after her hysterectomy, they threw themselves into local organizational work for the Saskatchewan Grain Growers’ Association (SGGA) because they saw the Grain Growers as the best vehicle to deal with many of the problems faced by the homesteaders and their families. The Pony Pair organized activities for the Hillview Local of the SGGA, which had both male and female members, and also organized several locals in the surrounding farm districts. Violet later organized a Hillview Local of the Women Grain Growers. In Hillview, among her family, friends, and neighbours who loved and respected her, she honed her leadership skills, a valuable first step on the road to further activism. Vi and Jack were pleased that Issac Fiddler, who had been employed as the secretary of the Edgemont Co-operative Society in England for twenty-five years, was a member of the Hillview Local. An excellent co-operative educator, he not only taught the farm people in the Hillview Local the rules of parliamentary procedure, he also taught them co-operative principles and ways in which they could apply these principles

to their daily lives in a pioneer farm district. With the Pony Pair in the lead, the Local organized many co-operative endeavours in Hillview, including a beef ring to distribute fresh meat, a buying ring for orders from Eaton's, and buying and distributing carloads of farm supplies from the Trading Department of the SGGA.

*The SGGA and the Women Grain Growers*

In 1913, Violet went to a Women's Congress held in conjunction with the SGGA's annual provincial convention. Out of this grew the Women Grain Growers (WGG), the women's section of the SGGA, and the first organization of its kind in Canada. She was appointed to an organizing committee, and when the WGG came into being in 1914, she was elected its first president. One of the most radical organizations in Canada, the WGG espoused and pushed through numerous reforms that improved the lives of farm women and their families. Although Violet spearheaded many of the WGG's campaigns, two of the most important were those for women's suffrage and the campaign for "medical aid within the reach of all."<sup>24</sup> Because of her own experiences with poor or nonexistent medical, nursing, and hospital services, and her familiarity with "the sufferings of our prairie mothers" in childbirth, often without trained midwives, she was particularly passionate about righting these wrongs.<sup>25</sup> As a result of the WGG's efforts, Violet's leadership, and her strategy of co-operating with other groups by finding "ground for common action," Saskatchewan women won the vote in 1917 and the province passed legislation enabling municipalities to hire municipal doctors and nurses and to build union hospitals in 1916. The first legislation of its kind in the country, it was the first step on the long road to medicare in Saskatchewan and in Canada. In the years to come, she continued to push for better health-care services.

Violet made sure that women had full memberships in both the WGG and in the SGGA. She was active in both, on the SGGA's board of directors for ten years, and in 1922 she became the first woman to sit on the executive. As small farmers far from a railway who were struggling to get established, and as people from radical backgrounds, the McNaughtons were in sympathy with Grain Growers radicals such as Edward Partridge. From 1913 onward, Violet and the WGG frequently found themselves pitted against the conservative leaders of the SGGA, men such as W.R. Motherwell, George Langley, and J.B. Musselman, who too often were indifferent to the women or were opposed to the reforms Violet and the WGG wanted. This small clique of men controlled not only the SGGA; they were also in or closely connected to the provincial Liberal government, and they controlled the Saskatchewan Co-operative Elevator Company.<sup>26</sup> Often they had, as Violet said of Musselman, "the wrong idea of women. Too much courtesy and too little recognition as

*Memory, Mutual Aid, and the Millennium*

workers.”<sup>27</sup> She opposed their patriarchal control and she disliked the way they “stifled our members with ‘paternalism.’” A dedicated democrat, she constantly supported the principle of democratic grassroots control of institutions in which all the men were equal and the women were equal to the men.<sup>28</sup>

Often, McNaughton and the WGG out-strategized the conservative leaders of the SGGA by co-operating with profeminist radical men in the Grain Growers, the grassroots men in the SGGA, and other groups with similar interests. While organizing the WGG, during the suffrage campaign, and during the campaign for medical aid, McNaughton found “ground for common action” with a number of groups, including the sympathetic male Grain Growers; other farm women; agrarian feminist journalists; the Women’s Christian Temperance Unions; women in the Political Equality Leagues; men in the Saskatchewan Association of Rural Municipalities; and women in the Homemakers’ Clubs. By the early 1920s, Violet was one of the most powerful Grain Growers in the province, with a strong base of support among the radical and grassroots men in the SGGA and the women in the WGG locals. Regarded as “the big little woman” in the Canadian farm movement, McNaughton helped to organize farm women’s groups in several other provinces and was president of both the Inter-Provincial Council of Farm Women and the Women’s Section of the Canadian Council of Agriculture from 1919 to 1923.<sup>29</sup> She was also active in the Progressives, a farmers’ party.

*The Wheat Pool*

In the midtwenties, McNaughton was so enthusiastic about co-operatives that she hoped they would be able to establish co-operative laundries and bakeries on the prairies, and that “the New Farm Woman” would be “a shareholder” in these “joint co-operative community exercise[s].” The Canadian co-operatives on which she centred most of her attention, however, were two types of producer co-operatives, the wheat pools and the egg and poultry pools.<sup>30</sup> In the SGGA, McNaughton made friends with Alexander McPhail, a promising young activist, who became her protégé. He spent hours talking to the Pony Pair, and as she jokingly remarked, helped them plan how “to ‘Save Civilization’ or [at least] the Saskatchewan portion of it.”<sup>31</sup> McNaughton, McPhail, and George Edwards became the leaders of the SGGA “Ginger Group,” which gained control of the SGGA through McNaughton’s power base. The Ginger Group gave the association some zip because they were in favour of establishing a wheat pool, and with the conservatives no longer controlling the association, they were able to co-operate with the Farmers’ Union of Canada to establish the Wheat Pool in Saskatchewan.<sup>32</sup> It eventually became the largest producer co-operative in Canada.<sup>33</sup> During the Wheat

*Canadian Co-operatives in the Year 2000*

Pool membership drives, the Grain Growers' Locals declined, although the WGG Locals maintained their numbers, which increased McNaughton's power in the association. With the Wheat Pool established and McPhail as its first president, she continued to influence the organization, in part because she was a good friend to McPhail, who confided in her about his work and his personal problems, and trusted her advice.

Problems during the Wheat Pool drives led to changes in the main farm organizations in Saskatchewan. In 1926 McNaughton was the matchmaker who brought about the union of the SGGA and the Farmers' Union to form the United Farmers of Canada (Saskatchewan Section) by deftly handling the squabbling men on the Amalgamation Committee who were vying for power in the new organization. She and Annie Hollis of the WGG, who was also on the Amalgamation Committee, made sure that the United Farmers of Canada had constitutional guarantees for the participation of women on its board of directors and its executive. A form of affirmative action, this helped to maintain the power of women in the Saskatchewan farm movement after the WGG went out of existence in 1926.<sup>34</sup>

*The Western Producer*

The McNaughtons had for some time been "very dissatisfied" with the *Grain Growers' Guide*, the official paper of the SGGA. It had a great deal of coverage of farm production, but as Violet observed, it gave them "practically no world news or comments and it is in our opinion very limited in its outlook. No history, economics, or philosophy." She also believed that neither it nor the SGGA focussed enough on the education of grassroots people in the farm movement.<sup>35</sup> In addition to this, during the Wheat Pool membership drives they needed a paper that was supportive of pooling. She therefore became one of the moving forces behind the establishment of *The Western Producer*. A lively farm paper that promoted co-operation and the education of grassroots people, it had generous doses of history, economics, philosophy, and commentaries, and covered local, provincial, regional, national, and international news.

Working on her kitchen table, McNaughton began to edit the "Mainly for Women" pages of *The Producer* on a voluntary basis in 1925, and in December of 1926 she became a full-time member of the editorial staff. From 1925 to 1960 she was to use *The Producer* to improve the lives of farm women and their families and as a vehicle for co-operative and agrarian feminist education. In 1927 she established the "Young Co-operators" pages to teach children and young people the principles of co-operation, and entertained them in the process. Using the pen names "Sister Ann" and "Bluebird," she and her assistants were to edit these pages for decades. She urged the "Young Co-operators" to

“c-o-o-p-e-r-a-t-e” with her to make the pages their pages by sending in material she would publish. She had done the same thing with farm women when she took over the “Mainly for Women” pages. For decades, they cooperated with her with great verve. Along with the letters to the editor on the “Open Forum” pages, the contributions by women, children, and young people, which she encouraged, made *The Producer* into an important voice for all members of western Canadian farm families.<sup>36</sup> McNaughton and her staff often wrote material for the other pages of *The Producer*, and she had a say in all the important decisions at the paper.

### *The Question of Women’s Participation*

Although McNaughton and the WGG were important in the establishment of the Wheat Pool in Saskatchewan, very few women were active in this pool once it was in operation. As she put it, the Wheat Pool had “many difficulties” with regard to “the part women should play.”<sup>37</sup> She believed that the underlying problem working against the participation of women was male landownership in combination with the Rochdale principle of one vote per member. Unlike women in the United States, where thousands of women were able to claim homesteads and become independent landowners, only a minuscule number of Canadian women were able to claim homesteads according to the terms of the *Dominion Lands Act*. The vast majority of landowners on the Canadian prairies, therefore, were men.

It was believed that because men owned the land, they owned the wheat it yielded. A farm woman did not sign the Wheat Pool contract; the farm man did, and therefore he had the one vote. With few women farming on their own, this meant that women seldom attended local Wheat Pool meetings, and it was men who were chosen as delegates to conduct the business of the provincial pool. There was a great deal of idealistic talk about “pool women” in the twenties. In 1925, McNaughton was hoping that “the New Farm Woman” would be “a Pool Woman,” but by the early thirties she was acknowledging that, in reality, the Wheat Pool woman did “not really exist.”<sup>38</sup> She could see that farm women were taking “practically no part in our Wheat Pool,” and wanted to devise a way to bridge the gap between the farm organizations, where women were active, and the pool.<sup>39</sup> She regarded “Wheat Pool educational work” as being “in its infancy,” but she hoped education would eventually change attitudes towards women. She also hoped that, even though they had not been successful so far, the organized farm women would eventually get the property laws changed and the participation of women in the pool would improve.<sup>40</sup> She believed that women needed to be given joint property rights in family farms and that the Rochdale principle of one member, one vote should be modified so each family had two votes.<sup>41</sup> Try as they

might, however, McNaughton and the organized farm women of her day were not able to overcome the problem of male landownership on the prairies, and the absence of women in the Wheat Pool in Saskatchewan remained an on-going problem. It was not until 1981 that the first woman delegate attended an annual meeting.<sup>42</sup>

### *The Egg and Poultry Pool*

The prairie co-operatives in which there really were “pool women” were the egg and poultry pools. The WGG was instrumental in establishing the Egg and Poultry Pool in Saskatchewan, which was “continually spoken of as ‘The Women’s Pool.’”<sup>43</sup> Back in 1913, when McNaughton and the women of the WGG gathered together for the first time, they had committed themselves to “fostering co-operative methods of marketing, not only for the benefit of farm women but to raise the standard of Saskatchewan products on the markets of the world.”<sup>44</sup> On most prairie farms, women grew big gardens and did barnyard chores with the help of their children. They raised chickens, gathered eggs, fed pigs, milked cows, separated milk, and churned butter for the use of their families. The women bartered, traded, or sold their surpluses locally, and if they made any money it was usually regarded as theirs to spend as they saw fit. Therefore it was important for farm women to make as much as possible from the sale of these “by-products.”<sup>45</sup> Knowing this, the WGG set up a marketing committee to investigate methods of marketing women’s produce and to educate women about marketing.

McNaughton, who like many other farm women was selling her eggs, was pleased when Bertha Holmes showed an interest in “the practical side of marketing” in 1921. A member of the WGG who was “new to the work,” Holmes was so enthusiastic that McNaughton encouraged her and fostered her talents, just as she did with Alexander McPhail in the SGGA. She sent Holmes information and the names of women in Alberta and Manitoba who were doing similar work. “Believe me,” she told Holmes, this is “a splendid field to be developed ... I love to work with live women, so please write me all you wish.”<sup>46</sup> Holmes, the new convenor of the WGG marketing committee, was indeed full of life. She was so dedicated and skilful that she soon became an expert on the subject of marketing women’s produce.<sup>47</sup> The WGG knew that “in thousands of instances the egg and poultry activities are in the hands of the Mothers, Wives, Sisters, and Daughters on Saskatchewan farms,” and by the midtwenties it concluded that there was no valid “reason for the non-pool disorderly ways of marketing” their produce.<sup>48</sup>

In 1925, the WGG decided it was ready to launch an egg and poultry pool,<sup>49</sup> and put forward a motion at the SGGA annual convention to set up a provisional board to establish it. The plan was to launch a drive to get enough contracts to start a temporary pool from which they hoped a permanent

pool would evolve. The motion passed and Holmes was appointed to the provisional board. Once they got producers of 35 percent of the marketable poultry in the province to sign Egg and Poultry Pool contracts, they could start shipping produce co-operatively.<sup>50</sup>

McNaughton, Holmes, the WGG, and their supporters shifted into high gear to get enough contracts signed. Having been active in the establishment of the Wheat Pool, they understood the strategies used during the sign-up drives of “Big Brother Wheat Pool,” as Harris Turner of *The Producer* dubbed it.<sup>51</sup> They profited by this knowledge, but as McNaughton pointed out, in Saskatchewan the women’s produce was a “minor crop,” not a “major crop” like wheat. Therefore they could not rely, as the Wheat Pool had when its organizers brought in Aaron Sapiro, on the enthusiasm generated by charismatic outside speakers. Instead, as McNaughton told the women, they had to rely heavily on methodical canvassing.<sup>52</sup> They could also rely on the persuasive voices of local activists such as McNaughton, Holmes, and Turner. In addition to this, they arranged with *The Western Producer* to set up a special section in the paper devoted to news about their pooling venture.

Through the “Mainly for Women” pages of *The Producer* throughout 1925 and during the spring of 1926, McNaughton also appealed repeatedly to farm women to sign pool contracts. “Farm women,” she told her readers, were “about the only producers left who still perpetuate ... [the] primitive custom of ‘trade’ and ‘barter.’” “Saskatchewan farm women,” she said,

have demonstrated during the past ten years, that, whatever they undertake, they can effectively accomplish. The Saskatchewan Egg and Poultry Pool is their first attempt in the field of co-operative marketing. If they fail to bring this Pool into operation it will be the first time that any organized effort on the part of farm women in Saskatchewan has failed.”<sup>53</sup>

Appealing to their belief in the co-operative ideal, she also tried to inspire the canvassers by situating their co-operation within her vision of a co-operative society. “Every canvasser that sacrifices his or her time to canvass the territory allotted,” she said, “is putting a stone into the foundations of a new order of society.”<sup>54</sup> In Alberta and Manitoba, farm women already had poultry pools, which were doing well, so McNaughton played on the women’s provincial pride, saying “surely Saskatchewan is equally capable,” a tactic she did not use as a rule. This pool was, she said, “the first step that we women, ourselves, can take towards economic betterment ... the first step towards intelligent and orderly marketing.” “Let us unite,” she urged them, “to ‘go over the top’ in the matter of signing.”<sup>55</sup> Bertha Holmes also appealed to the farm women, articulating “a vision” for the pool and encouraging them to sign a contract even if they did not produce much. “Farm women” she wrote,

this is our own Pool and we can make of it what we desire. We must work out our salvation. We have waited too long, and now we find the old adage true—"If you want a thing doing—do it yourself." Our surplus may be small but remember the Old Scotch saying "Many mickles make a muckle." And the Pool needs the "mickle" before it can make a "muckle." Have you signed your contract? Don't wait—Do it now. Join My Pool—YOUR POOL—OUR POOL."<sup>56</sup>

Hundreds of farm women threw themselves enthusiastically into the drive to get people in their districts to sign contracts with the "Women's Pool."<sup>57</sup> Men were involved in this pool too, but the majority of the canvassers during the drive and the co-operators who managed the pool once it was up and running were farm women. Two-thirds of the top thirty canvassers in the province during this drive were farm women; one-third were men.<sup>58</sup> By March of 1926, they had 8,730 members, with a hundred signing up per day. They were "over the top" and the pool was launched with Holmes as its first president.<sup>59</sup> They set up an office in the Sherwood Building in Regina, alongside the SGGA, the Wheat Pool, and other producer co-operatives.<sup>60</sup>

Out of this temporary pool, as they had hoped, a permanent pool grew. For over a decade these "pool women" not only managed the Egg and Poultry Pool, they also ran their own office. But in 1938, during the depths of the Depression, they could no longer afford a separate office so the Dairy Pool took over the office work for them. After the Second World War, there was a major shift in agriculture in Saskatchewan. With mechanization, farm size increased and small farmers were squeezed out, and at the same time, there were more farms specializing in poultry and egg production. In 1948, the Egg and Poultry Pool merged with the Dairy Pool, a co-operative dominated by dairymen, to form the Dairy and Poultry Pool.<sup>61</sup> The day when thousands of Saskatchewan farm women earned cash from the sale of surplus barnyard production was coming to an end.

### ***The International Co-operative Women's Guild***

McNaughton's activities as a co-operator focussed mainly on producer co-operatives, but she also promoted other types of co-ops, and like many co-operators, she was interested in the work of co-operators around the world. Her work with Emmy Freundlich, an Austrian co-operator, and the International Co-operative Women's Guild (ICWG) is a particularly revealing example of her wider co-operative activities and her belief that pacifists throughout the world should co-operate in an attempt to prevent war. It also illustrates why she continued to be so dedicated to democratic principles, and is a good example of both the many personal friendships she developed with the people with whom she worked in public life, and of her work as a co-operative ed-

ucator. Although McNaughton had exchanged a few letters with Freundlich and the secretary of the ICWG prior to her trip to Europe in 1929, until then her interest in the Guilds had centred mainly on the work of the well-established Guilds in Britain, which focussed on the role of women as consumers, consumer co-operatives, and the well-being of working-class women and children.<sup>62</sup>

In 1929, McNaughton went to a meeting of the Women's International League for Peace and Freedom (WIL) in Prague. She then went to a WIL summer school near Budapest, where she met Freundlich in person. She was, McNaughton thought, one of "the outstanding speakers" at the school. The two women, who were pleased to meet one another face to face, were to stay in touch for almost two decades.<sup>63</sup> Their friendship blossomed, even though Austria and Canada were enemy states during the First and Second World Wars, because both women believed strongly in what McNaughton referred to as the "international co-operation and solidarity without which our world cannot survive."<sup>64</sup> As Freundlich put it, "only when the spirit of co-operation triumphs can we have a new world order and end war."<sup>65</sup> This utopian interpretation of co-operation sustained both women through the difficult years in which they were friends.

When McNaughton met her in 1929, Freundlich and other members of the Austrian Social Democratic Party were at the peak of their power and the party was affiliated with a large network of co-operatives.<sup>66</sup> Even though the rest of Austria was very conservative, Freundlich, who was a city councillor, and other socialists in "Red Vienna" had established advanced social programs in the city that were admired by democratic socialists the world over.<sup>67</sup> In 1913, Freundlich had urged Austrian co-operative societies to organize Women's Committees, and by the time the First World War broke out, there were forty of them. Because of the food shortages during the war, the influence of Freundlich and other co-operative women in Austria had increased. In 1919, she was elected to the Austrian federal parliament.<sup>68</sup> During the famine following the First World War, co-operatives in Austria were centres for the distribution of food relief and she was made a director in the Food Ministry.<sup>69</sup>

In 1913, Freundlich had attended the International Co-operative Congress in Glasgow, where they discussed the idea of an international women's guild. But even though she had kept in touch with women co-operators in Britain during the war, they were not able to pursue the idea. At the 1921 International Co-operative Congress in Basle, however, Freundlich, who was a member of the Austrian Co-operative Wholesale Society Board and the Central Committee of the International Co-operative Alliance, and Margaret Llewellyn Davies of the Co-operative Women's Guild in Britain, had spearheaded a move to organize an international guild. Freundlich, who spoke fluent English, German, and French, had been chosen to chair an organizational committee, and

was elected its first president in 1924, when the ICWG officially came into being.<sup>70</sup> The Austrian Food Ministry had closed that year, so she had been able to pour more energy into organizing the ICWG. By 1931, women from twenty-seven countries were taking part in the ICWG.<sup>71</sup> Freundlich's success with "the many thousands" of women who worked with her and were loyal "to the co-operative ideal" was in part because she was, as McNaughton observed, "tall and stately" and in meetings she was "decisive in her manner, quick and understanding with the delegates and no detail was beneath her attention."<sup>72</sup>

When McNaughton returned to Canada in 1929, she continued to promote peace and to report on the Women's Co-operative Guilds in Britain in *The Western Producer*. She also reported regularly on Freundlich and her activities in the ICWG and began to vigorously promote the formation of Women's Co-operative Guilds in Canada.<sup>73</sup> McNaughton told her readers that although conditions varied from one country to another and therefore approaches to co-operation differed, the ICWG existed "to unite the co-operative women of all lands for the development of the spirit of co-operation, for the furtherance of the principles and practices of co-operation, for raising the conditions of home life, [and] for International Peace." She often published articles or letters "to the women of the West" written by her Austrian friend. For instance, Freundlich introduced herself and explained the work of the ICWG in an autobiographical series titled "Why I Am a Co-operator."<sup>74</sup> Freundlich, who was interested in McNaughton and prairie co-operatives, read *The Western Producer* regularly, taking particular interest in the pages for women that McNaughton edited. As McNaughton told her readers, Freundlich often expressed her hope that "before long" Canadian "'Pool Women' and 'the Woman with the Basket,'" as Guildswomen were often called, would be "linked together in this great circle."<sup>75</sup>

Like others on the political left, McNaughton watched the rising tide of Fascism in Europe with great concern. She was worried in 1934 when a short civil war introduced a "semi-Fascist regime" in Austria, and Freundlich, other socialist legislators and officials, and thousands of other so-called "enemies" of the state were imprisoned.<sup>76</sup> Freundlich was soon released, in part because of the pressure brought to bear on the Austrian government by Guildswomen around the world. As she saw it, the "solidarity" of "the women of the world" had freed her from prison.<sup>77</sup> From 1934 onward, the dictators ensured that it was illegal for socialists to hold public office or to speak in public. Forced out of parliament, Freundlich began to focus most of her energy on the ICWG, but it was "very difficult" since she was forbidden to leave Vienna and she had to avoid publicity because she was being watched by the Austrian authorities.<sup>78</sup> In 1938, when Germany seized control of Austria, Fascism reigned and the persecution of the Jews and the "enemies" of the state escalated. The following year, Freundlich fled to Britain, moving the headquarters of the ICWG to London.<sup>79</sup>

During the Battle of Britain in 1940, Freundlich asked McNaughton to help her emigrate to Canada because she feared she would be interned by the British, that her daughters would lose their work visas, and that they would be in danger if Hitler invaded Britain. McNaughton quickly responded to her “dear friend,” assuring her of her “love,” saying that she would do anything she could to help, and expressing her hope that “these dark days will soon pass.” Although McNaughton was pessimistic about her chances of success, she used the influence she had to try to get her friend into Canada. As she feared, the Immigration Department, which was not sympathetic to German or Austrian refugees, refused Freundlich entry. Freundlich was disappointed but grateful for McNaughton’s friendship and for her efforts, which she felt revealed that McNaughton really did feel her “international responsibility very deeply.”<sup>80</sup> In spite of the dislocation and disappointments of these years, McNaughton, Freundlich, and the women in the ICWG continued to believe that the co-operator’s international task was “to increase co-operative influence and to deal with all current world problems from the co-operative angle.”<sup>81</sup>

In 1948, McNaughton, who had visited with the “beloved leader” of the Guildswomen just five days before Freundlich died, told her readers that Freundlich’s “great hope [was] that in Canada, where both producer and consumer co-operation were making such great progress, the Co-operative Women’s Guild would ‘flourish like a green bay tree.’” The Guilds in Canada, especially in Saskatchewan, did indeed flourish during the 1950s and the 1960s.<sup>82</sup> This proliferation, which focussed on consumer co-operation, was in part due to the groundwork laid by McNaughton’s promotion of Freundlich and the Guilds. McNaughton revealed the feminist goals that underlay this work when she told a convention of Guildswomen in Saskatchewan in 1947 that there was “no other women’s organization in Canada dedicated to furthering co-operation” and she expressed the hope that women would “more and more take their full part with the men as equal partners in the co-operative movement.”<sup>83</sup>

In 1948, when Freundlich died, McNaughton was in her final years as an employee of *The Western Producer*. After she retired at the end of 1950, she wrote a column for another nine years in which she continued to promote co-operation. The McNaughtons sold part of their land in 1948 and the rest in 1959. During the sixties she annotated her voluminous papers, a treasure trove on the history of co-operation, and she preserved them until she died at eighty-eight years of age in 1968.

### ***Concluding Thoughts***

McNaughton’s passionate belief in the co-operative ideal was rooted in the radicalism of north Kent and her respect for Kentish co-operators and British

feminists. It was her experiences, those of her family and their neighbours, and her observations of “the sufferings of our prairie mothers” during the settlement period on the prairies, however, that moved her from being an admirer of feminists and co-operators to being an activist. Her belief in the co-operative ideal inspired her to continue working for both the co-operative and the women’s movements and other movements for social justice for five decades. Her beliefs were utopian at times, but this idealism combined with the down-to-earth practicality of a farm woman encouraged others to join her in numerous co-operative endeavours. These efforts harvested countless practical results that helped to improve the lot of farm people and other “plain common people,” many of whom came to admire and respect this “small but mighty” woman who was their champion. When she appealed to them with her familiar call, “Let us co-operate in trying to plan for a better social order than we have at present,” it struck a responsive chord.<sup>84</sup>

### **Endnotes**

1. Saskatchewan Archives Board (SAB), McNaughton Papers A1 C1, McNaughton, notes “Loan of his...artificial conditions.”
2. *The Western Producer*, 11 December 1952. I would like to thank Margaret Baldock and Jacqueline Hutchings for reading an earlier draft of this paper and making helpful suggestions and comments. For more details about McNaughton’s life and for full documentation of the material in this paper see the following works by Georgina M. Taylor: “Ground for Common Action”: Violet McNaughton’s Agrarian Feminism and the Origins of the Farm Women’s Movement in Canada,” Ph.D. diss., Carleton University, 1997; “Violet McNaughton—History of a remarkable woman,” a ten-part biographical series in *Western People*, a supplement of *The Western Producer*, 3 January 1991 to 7 March 1991; “Mothers of Medicare,” a three-part series in *Western People*, *The Western Producer*, 16, 23, 30 July 1998; “Art Nouveau, Immigration Propaganda, and the Peoples of Saskatchewan,” *Saskatchewan History*, 50(2) (Fall 1998): 31–44; and “Violet Clara McNaughton (1879–1968),” 1997, HSMBC Agenda Paper 1997–70. On the basis of this last paper, the Historic Sites and Monuments Board of Canada declared McNaughton a Canadian of national historic significance.
3. *The Western Producer*, 6 November 1924.
4. *Ibid.*, 6 November 1924, 8 January 1931, 11 December 1952.
5. *Ibid.*, 9 April 1931.
6. *Ibid.*, 27 August 1931.
7. Grant MacEwan, *...and mighty women too: stories of notable western canadian women* (Saskatoon: Western Producer Prairie Books, 1975), 175.
8. SAB, McNaughton Papers A1 D1(7), McNaughton, Notes “Mrs. Violet McNaughton ... British Empire,” ca. 1935.
9. *The Western Producer*, 4 October 1956.

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10. SAB, McNaughton Papers A1 E89, McNaughton to Mrs. Geo. Lumley, 18 December 1934. For details of Frank Anderson and Violet's activities and their visits with his grandparents in Sheerness between 1900 and 1909, see his letters to her in SAB, McNaughton Papers A1 B2.
11. *The Western Producer*, 7 August 1930.
12. Ibid. For the differences between their Owenite predecessors and later co-operatives, see Arnold Bonner, *British Co-operation—The History, Principles, and Organization of the British Co-operative Movement* (Manchester: Co-operative Union Ltd., 1961), 1–86; and Brett Fairbairn, “Social Bases of Co-operation: Historical Examples and Contemporary Questions,” in *Co-operative Organizations and Canadian Society: Popular Institutions and the Dilemmas of Change*, ed. Murray E. Fulton (Toronto: University of Toronto Press, 1990), 64–68. For the original and the modern versions of the Rochdale Principles see Bonner, *British Co-operation*, 48–49; and Brett Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928–1988* (Saskatoon: Western Producer Prairie Books, 1989), 4–6.
13. *The Western Producer*, 7 August 1930; David Harris Willson and Stuart E. Prall, *A History of England*, 3rd ed. (New York: Holt, Rinehart and Winston, 1984), 472–77. R.K. Webb, *Modern England*, 2nd ed. (New York: Harper and Row, 1980), 163–65.
14. *The Western Producer*, 7 August 1930.
15. Ibid., 7 August 1930, and 24 May 1951.
16. SAB, McNaughton Papers A1 I9, John McNaughton, Letters to the Editor, *The Saturday Press and Prairie Farm*, 11 March 1916, 1 April 1916; Keith Sinclair, *A History of New Zealand* (London: (Oxford University Press, 1961), 171–91.
17. *The Western Producer*, 27 August 1927, 18 March 1948, 24 December 1952.
18. Ibid., 6 June 1935.
19. SAB, McNaughton Papers A1 D58(2), McNaughton to Velma Sanders, 2 September 1938.
20. *The Western Producer*, 15 May 1952.
21. SAB, McNaughton Papers A1 E91, McNaughton to D. Cornell, 19 June 1942.
22. *The Western Producer*, 21 June 1928.
23. MacEwan, ...and mighty women too, 176.
24. SAB, McNaughton Papers A1 I9, McNaughton, “Our Welfare Page,” *The Saturday Press and Prairie Farm*, 23 September 1916.
25. Ibid., 1 November 1916.
26. Lyle Dick, Farmers “Making Good”: *The Development of Abernethy District, Saskatchewan, 1880–1920* (Ottawa: National Historic Sites Canadian Parks Service Environment Canada, 1989), 182–90.
27. SAB, Haight Papers A1 .2, McNaughton to Zoa Haight, 15 December 1913.
28. SAB, McNaughton Papers A1 D46(3), McNaughton to H.W. Wood, 18 May 1922.
29. *Grain Growers' Guide*, 9 April 1919.
30. *The Western Producer*, 30 July 1925. Ian MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1900–1945* (Toronto: Macmillan of Canada, 1979), 87–91.
31. SAB, McNaughton Papers A1 D46(3), McNaughton to A.J. McPhail, 12 March 1922.
32. In the past, historians such as W.L. Morton, Kenneth McNaught, Alvin Finkel, and Margaret Conrad have interpreted the “Ginger Group” in the Progressives

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- to mean that the group on the left, including J.S. Woodsworth, put spice into a mild organization. However, some of the prairie farm people the author talked to about the Progressives and the Ginger Group in the SGGA used it as an earthy agricultural metaphor. Evidently, if they wanted a horse to speed up they sprinkled ginger on its tail, it hurt, and the horse ran more quickly. In the case of McNaughton and the SGGA Ginger Group, they were sprinkling ginger on the tail of the SGGA, a tired old horse that needed to pick up its pace. Kenneth McNaught, *A Prophet in Politics: A Biography of J.S. Woodsworth* (Toronto: University of Toronto Press, 1959), 165, 170, 201, 209–14, 220, 250, 256; W.L. Morton, *The Progressive Party in Canada* (Toronto: University of Toronto Press, 1950), 134, 188, 193–200, 206, 221–24; Alvin Finkel and Margaret Conrad, *History of the Canadian Peoples 1867 to the Present*, 2nd ed. (Toronto: Copp Clark Pitman, Ltd., 1998), 230–32.
33. SAB, McNaughton Papers A1 D46(3), McNaughton to A.J. McPhail and George Edwards, 8 March 1922; Garry Fairbairn, *From Prairie Roots: The Remarkable Story of Saskatchewan Wheat Pool* (Saskatoon: Western Producer Prairie Books, 1984), 14–86.
  34. For details about McNaughton's friendship with McPhail, the activities of the "Ginger Group" in this period, and their part in the formation of the Wheat Pool, see their correspondence in SAB, McNaughton Papers A1 D46(1–4). See also her correspondence with members of the WGG Executive in A1 E92 and the details about her work on the Amalgamation Committee in A1 E63.
  35. SAB, McNaughton Papers A1 D46(3), McNaughton to McPhail, 14 March 1922; McNaughton to H.W. Wood, 18 May 1922.
  36. *The Western Producer*, 9 April 1925, 4 June 1925, 1 September 1927, 10 May 1928, 7 December 1950, 28 August 1952; Fairbairn, *From Prairie Roots*, 124–31. Christa L. Scowby, "I am a Worker, Not a Drone': Farm Women, Reproductive Work and the *Western Producer*, 1930–1939," *Saskatchewan History* 48(2) (Fall 1996): 3–16.
  37. SAB, McNaughton Papers A1 E32(1), McNaughton to A. Honara Enfield, 12 December 1930.
  38. *The Western Producer*, 30 July 1925, 8 January 1931; SAB, McNaughton Papers A1 E32(1), McNaughton to A. Honara Enfield, 12 December 1930.
  39. SAB, McNaughton Papers A1 E(32), McNaughton to Emmy Freundlich, 11 October 1930.
  40. SAB, McNaughton Papers A1 E32(1), McNaughton to A. Honara Enfield, 12 December 1930; *The Western Producer*, 8 January 1930, 29 January 1931.
  41. SAB, McNaughton Papers A1 E32(1), McNaughton to A. Honara Enfield, 5 May 1931; McNaughton to Miss F. Bateman, 4 August 1930.
  42. Fairbairn, *From Prairie Roots*, 146, 205.
  43. *The Western Producer*, 18 February 1926.
  44. *Ibid.*, 25 February 1925.
  45. *Ibid.*, 25 March 1925, 18 February 1926.
  46. SAB, McNaughton Papers A1 E92(4), Bertha Holmes to McNaughton, 1 March 1920; McNaughton to Holmes, 13 March 1920.
  47. SAB, McNaughton Papers A1 E92(5), Mrs. M.L. Burbank to the Members of the WS-GGA, 22 July 1921; A1 E92(6), Bertha Holmes to the Members of the WS-GGA, 9 July 1922; A1 E92(7), Mrs. M.L. Burbank to the Members of the WS-GGA, 17 July 1923; A1 E92(7), Marketing Report on Butter and Eggs, 1923.

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48. *The Western Producer*, 7 January 1926, 31 December 1925, 21 January 1926.
49. For McNaughton's correspondence during the organization of the Egg and Poultry Pool, see SAB, McNaughton Papers A1 E59.
50. *The Western Producer*, 14 January 1925, 19 February 1925, 23 April 1925.
51. *Ibid.*, 25 February 1926.
52. *Ibid.*, 13 August 1925. Fairbairn, *From Prairie Roots*, 21–26, 35–38.
53. *The Western Producer*, 5 August 1925.
54. *Ibid.*, 13 August 1925.
55. *Ibid.*, 23 April 1925.
56. *Ibid.*, 6 August 1925.
57. *Ibid.*, 26 September 1925, 7 January 1926, 28 January 1926, 11 February 1926.
58. *Ibid.*, 14 January 1926.
59. *Ibid.*, 4 March 1926.
60. *Ibid.*, 14 January, 21 January 1926, 4 March 1926; D.H. Bocking, ed., *Saskatchewan: A Pictorial History* (Saskatoon: Western Producer Prairie Books, 1979), 100–111.
61. Ernest Gabert Private Papers, "A Brief Look at the Dairy and Poultry Pool"; Gary Carlson, *Farm Voices: A Brief History and Reference Guide of Prairie Farm Organizations and Their Leaders 1870–1980* (Regina: The Saskatchewan Federation of Agriculture, 1981), 12, 15, 24, 26.
62. Barbara Caine, *English Feminism 1789–1980* (Toronto: Oxford University Press, 1997), 149, 154–57, 195, 199. For the correspondence between McNaughton and Emmy Freundlich and the secretaries of the ICWG between 14 September 1927 and 3 February 1949, see SAB, McNaughton Papers A1 E32(1,2).
63. SAB, McNaughton Papers A1 E38(1), Freundlich to McNaughton, 26 October 1929; McNaughton to Freundlich, 17 December 1929; *The Western Producer*, 15 August 1929, 8 April 1948; Harriet Anderson, *Utopian Feminism: Women's Movements in fin-de-siècle Vienna* (New Haven: Yale University Press, 1992), 118–30.
64. *The Western Producer*, 8 April 1948.
65. *Ibid.*, 26 August 1937.
66. Kurt L. Shell, *The Transformation of Austrian Socialism* (New York: State University of New York, 1962), 16; Kurt Steiner, *Politics in Austria* (Boston: Little, Brown and Company, 1972), 137–38. Vincent J. Knapp, *Austrian Social Democracy 1889–1914* (Washington: University Press of America, 1980), 51–53.
67. Martin Kitchen, *The Coming of Austrian Fascism* (Montreal: McGill-Queen's University Press, 1980), 15–16; Catherine Webb, *The Woman with the Basket: The History of the Women's Co-operative Guild 1883–1927* (Manchester: Co-operative Wholesale Society, 1927), 174; Shell, *The Transformation of Austrian Socialism*, 15–16.
68. Gabriella Hauch, "Rights at Last? The First Generation of Female Members of Parliament in Austria," in *Women in Austria*, ed. Günter Bischof, Anton Pelinka, and Erika Thurner (London: Transaction Publishers, 1998), 56–82. "Emmy Freundlich," "Biographies of [Austrian] Parliamentarians," [http://www.parlinkom.gu.at/pd/pad/pad\\_F\\_gm.html](http://www.parlinkom.gu.at/pd/pad/pad_F_gm.html). Anderson, *Utopian Feminism*, 118–24.
69. *The Western Producer*, 12 August 1937; William T. Bluhm, *Building an Austrian Nation* (New Haven and London: Yale University Press, 1973), 44; F. L. Carsten, *The First Austrian Republic 1918–1938: A Study Based on British and Austrian Documents* (Aldershot: Gower/Maurice Temple Smith, 1986), 3–4, 12–17, 39–43.

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70. *The Western Producer*, 16 October 1930, 12 August 1937, 16 October 1930; Webb, *The Woman with the Basket*, 173–74. Bonner, *British Co-operation*, 430–34.
71. Margaret Llewelyn Davies, ed., *Life As We Have Known It by Co-operative Working Women* (1931; rpt., London: Virago, 1977), xv.
72. *The Western Producer*, 16 October 1930.
73. SAB, McNaughton Papers A1 E32(1), Freundlich to McNaughton, 11 October 1930, 3 December 1935. *The Western Producer*, 22 August 1929, 1 May 1930, 9 October 1930, 16 October 1930, 5 February 1931, 2 July 1931, 18 July 1933, 28 January 1937, 4 February 1937, 12 August 1937, 19 August 1937, 20 January 1938, 3 February 1938, 22 April 1943.
74. *Ibid.*, 12 August 1937, 19 August 1937.
75. SAB, McNaughton Papers A1 E38(1), Freundlich to McNaughton, 26 October 1929; McNaughton to Freundlich, 26 November 1929; *The Western Producer*, 9 October 1930.
76. *Ibid.*, 12 August 1937; Eric Hobsbawm, *The Age of Extremes: A History of the World, 1914–1991* (New York: Random House Inc., 1996), 135, 146.
77. SAB, McNaughton Papers A1 38(2), Freundlich to McNaughton, 13 June 1940.
78. *The Western Producer*, 5 April 1934, 12 August 1937; SAB, McNaughton Papers A1 E38(1), A. Honara Enfield to McNaughton, 4 August 1934; Bonner, *British Co-operation*, 434–36; Carsten, *The First Austrian Republic*, 179–259; Shell, *The Transformation of Austrian Socialism*, 21–28; Kitchen, *The Coming of Austrian Fascism*, 202–80; Steiner; *Politics in Austria*, 34–35, 110–18.
79. Carsten, *The First Austrian Republic*, 261–83; Shell, *The Transformation of Austrian Socialism*, 26–28; Bonner, *British Co-operation*, 436; Hobsbawm, *The Age of Extremes*, 146; SAB, McNaughton Papers A1 E32(2), Mrs. Theo Naftel to McNaughton, 13 April 1939; Freundlich to McNaughton, 31 August 1939.
80. SAB, McNaughton Papers A1 E38(2), Freundlich to McNaughton, 13 June 1940, 12 July 1940, 29 July 1940; McNaughton to Freundlich, 24 June 1940.
81. A 1944 ICWG document quoted in Naomi Black, *Social Feminism* (Ithaca and London: Cornell University Press, 1989), 151.
82. *The Western Producer*, 1 April 1948, 8 April 1948; Fairbairn, *Building a Dream*, 86–88, 158–68.
83. *The Western Producer*, 19 June 1947.
84. *Ibid.*, 27 August 1931, 8 February 1968. For McNaughton’s voluminous correspondence with “plain common people,” other co-operators, and numerous leaders of movements for social justice, see the McNaughton Papers (A1) in the holdings of the Saskatchewan Archives Board. For examples of her ideas and descriptions of many of the co-operative endeavours she supported, see *The Western Producer* from 1923 to 1960.



*Speaking of her involvement in the agrarian movement during the inter-war period, Susan Gunn recalled:*

*“I was caught up in the work of the UFA and the UFWA. It was like a crusade, through co-operative effort we envisaged a new Heaven and a new earth, co-operative stores were started, municipal hospitals, the great wheat pools.... Then along came the devastating thirties and we were flat on our backs. It took us a long and weary time to get on our feet.”*

As quoted in L.J. Wilson,  
“Educational Role of the United Farm Women of Alberta,”  
*Alberta History* 25, 2 (spring 1977), 35.

# *Ordinary and Exceptional*

## *Leadership in Prairie Consumer Co-operatives, 1914–1945<sup>1</sup>*

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**C***o-operatives, it is often said, arise from need—a true enough statement, as far as it goes. But the world is full of needs, and only some co-operatives are formed. In any situation of need, it is often leadership that makes the difference—leadership of a particular kind, which helps ordinary people to bridge the gap from the potential to the actual co-operative. How does one recognize a leader? They are not always obvious or well known. In fact, in co-operatives, they are often overlooked. This has been true on the Canadian prairies, where populist philosophies have sometimes overshadowed the role of individuals, and where large, centralized farm organizations have obscured the contributions of local leaders.*

One of the striking features of the co-operative systems in Canada is the way in which leaders emerge at the community level, in local organizations—people from common or uncommon backgrounds, but in any case people who would not, except for co-operatives, have emerged as civic figures and business decision makers. The regional and national leadership of co-operatives has been drawn from this pool of individuals who learned their skills in local settings, where face-to-face contact with ordinary people was the norm. The result has been higher-level co-op leadership that has been notably practical and often humble, politically astute in (usually) a nonpartisan sense, and skilled in low-key and sometimes folksy styles of relating to people. National and regional leaders have typically been sensitive to local con-

ditions, cautious about sweeping generalizations, and aware of the limitations as well as the benefits of co-operatives. This system or network of community-based leadership development has not been perfect. On balance, it has produced highly effective though not always highly visible leaders.

This essay considers co-operative leadership through two exceptional stories about co-operative development in the Prairie consumer co-operative movement between 1914 and 1945. Why consumer co-operatives? Why this period? Because consumer co-operatives (and, a little bit later, credit unions) epitomized the decentralized approach to co-operative development. Between the era of the First World War and that of the Second—a time in which naïve hopes were dashed, a time of disappointment and sometimes grim hardship—such co-operatives flourished. If there was ever a time when leadership was needed and became visible, it was then.

***William Halsall and Killam Co-operative  
in the Alberta Co-operative Movement, 1914–1938***

People didn't come into the co-operative movement on a theory, but they went into it as an answer to a problem. When you found you had been hooked for your groceries ... or your coal or anything, you said, let's get together and bring a carload of coal in. It was a co-operative effort [to] unload the coal then.... We brought in a carload of apples and a carload of coal, unloaded right there at the station. Now, these kind of things were done, and so people were meeting an immediate need.

Mrs. Nellie Peterson of Mayerthorpe, Alberta, recalling the United<sup>2</sup> Farmers of Alberta and early co-operatives in a 1970 interview.

In a very short time, hundreds of thousands of Canadians will be returning to civilian life. What will the post-war world have in store for them? Will it mean jobs, homes, security, and a good living? The co-operative movement maintains that the promise of a new world is within our reach if we are prepared to build for it.

Our ingenuity and capacity to produce in abundance has been demonstrated. Our problem in the post-war world will be one of distribution. The rugged individualism of pre-war days with its wasteful economic strife and its ruthless competition, and its fear of insecurity and unemployment must give way to a new order of mutual understanding and co-operation designed to substitute peace for violence, construction for destruction, and abundance for scarcity.

The co-operative movement with millions of members scattered throughout ... the world has one clear cut common objective—that is to secure a higher standard of living for the masses of the people, through

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a more equitable distribution of the national income.... We believe, that ... through the mechanics of the co-operative movement, the common people can recapture the ownership and control of their own destiny.... Poverty and scarcity must go.

J. Russell Love, President, Interprovincial Co-operatives Ltd., 1946,<sup>3</sup>  
Love was an ex-United Farmers of Alberta cabinet minister.

It is a long way from Mrs. Peterson's "carload of apples and a carload of coal, unloaded right there at the station" to Mr. Love's "Poverty and scarcity must go." The dualism evident in their comments—the practical and the Utopian, the particular and the universal—is in part a dichotomy inherent everywhere in co-operatives. It is also, in part, a progression: part of the experience, the development, and the articulation of Prairie co-operatives. There was a process that led from the small-scale acts of co-operation remembered by Mrs. Peterson to the heady visions of a J. Russell Love. In the Prairie co-operative movement, Utopian visions came on the heels of practical successes (and some failures). The most effective leaders saw beyond limited self-help, but rarely indulged in Mr. Love's bombast. They may well have had a Utopian vision, right from the beginning. But they let it out only in small doses, as their projects matured. One of the key functions of co-operate leadership is to mediate between short-term pragmatism and long-term principle, without losing sight of either.

*A New Co-operative*

One of those who came to Alberta with a vision was an old-country co-operator by the name of William Halsall. Halsall was from Lancashire, the English county that contains Rochdale and Manchester—the seat, in other words, of the British co-operative movement. Halsall stood up at a schoolhouse meeting of the United Farmers of Alberta (UFA) in Willow Hollow school district (eastcentral Alberta) in 1914, to present a paper on the Rochdale philosophy of co-operation. At the end of the meeting, twenty-two people had each subscribed \$10 in shares to form a co-operative society under Halsall's leadership. Willow Hollow (later Killam) Co-op was one of the first co-ops formed in Alberta after the province passed co-operative legislation in 1913—and of the sixteen co-ops registered in 1913 and 1914, it was the only one to survive into adulthood.

The new co-op's activities soon included handling twine, salt, flour, apples, and other carload or bulk shipments. Within seven years, it had transacted \$100,000 in business. Then came a major change of direction. In 1921 the co-op moved six miles northeast into the town of Killam, changed its name to Killam District Co-operative Association, and began operating a store with an expanded line of goods in stock, including groceries, dry goods, hard-

ware, lumber, and fuel oils. It also handled livestock produced by its members.<sup>4</sup> This move into town was not necessarily a simple expansion. While the First World War years had been good for farmers, the postwar period brought a recession. The co-op in Hanna, like Willow Hollow, had in the beginning been “merely an attempt on the part of surrounding UFA locals for the purchase of supplies in car lots, and for co-operative shipping of livestock.”<sup>5</sup> Also like Willow Hollow, the Hanna Co-op shifted into groceries, hardware, harness, and building supplies in the year 1921. According to a local newspaper account, this was directly related to the collapse of the farm supply business: the co-op was forced into other lines of goods. Perhaps the same pressures lay behind the relocation and renaming of Willow Hollow Co-op.

Whatever the case, the creation of a co-operative store in the town of Killam was an immediate challenge for the co-op and its members. The co-operative was expanding from simple bulk purchasing to the more complicated job of handling inventories and paying overheads. It opened its store with seventy-eight members and \$4,000 in capital.<sup>6</sup> Just when the co-op’s capital was tied up in its new inventory, the bank demanded repayment of its loan—as banks are wont to do, with shaky-looking businesses in the midst of recessions. This was a crisis that called for an innovative solution. Halsall proposed to refinance the store by having the members make deposits in it instead of in the bank. The members responded with deposits that totalled as much as \$30,000 in later years, and encouraged the co-op in 1927 to start Alberta’s first credit union. Killam Co-op solved the capitalization problem, during a recession, without bank help, by relying on its own members and the internal resources of the community.

Halsall was probably a key factor in the survival of the co-operative. His most unusual asset, for the Prairies of the 1920s, was his old-country background in the spirit and principles of consumer co-operatives, and his resulting conviction. Halsall explained his philosophy to R.D. Colquette of the *Country Guide* as follows: “We have no specials and no bargains. We don’t need any such appeals to members to bring them into their own store.”<sup>8</sup> This was a marketing philosophy suited to the times and to the audience, mostly farmers who were suspicious of chain stores and their gimmicks. Colquette went on to say of Halsall:

He visualizes an organization of society in which stock promotions, speculation, high-pressure salesmanship, duplication of services with all its wasteful effort, overwork and unemployment, millionaires and paupers, under-fed children, and chicken-fed poodle dogs, will have no place whatsoever. In his scheme of things human beings will not act like pigs at a trough.<sup>9</sup>

*Expansion*

Under Halsall's leadership, Killam Co-op expanded in the 1920s. By 1929 its annual volume was \$118,000 in merchandise and \$62,000 in livestock, on behalf of three hundred members. The co-op also continued to branch out into new fields, adding a sixteen-thousand-egg incubator in 1927. The incubator was financed by members who took \$20 shares, and was installed in a specially built house beside the store. Members brought in their eggs, paid a \$2 hatching fee, and came back three weeks later for their chicks. One single year turned out twenty thousand chicks and paid \$300 in patronage refunds. Then there were the poultry-picking bees in the town skating rink, where up to forty-five hundred birds were killed and dressed for the eastern Thanksgiving market. Dora Sedgwick reported the rink had "a jolly, happy-go-lucky crowd and as the picking progresses jokes are told, experiences exchanged in which pathos and humour intermingle."<sup>10</sup> All this represented ingenuity in facing a crop failure, but as Sedgwick noted, "prosperity does not by any means always bring out the best in people."

Adversity, on the other hand, often does bring out the best in people, and Killam faced more adversity during the Depression. The co-op members showed spirit in starting a cheese factory in 1935. The small factory started slowly, losing money in its first year, but in 1936, Killam cheese won a first and second prize at the Vancouver fair.<sup>11</sup> By 1937 it handled 150,000 pounds of cheese and ran at a profit. A government report quoted a remark that "many farmers had little or no wheat crop in 1937, and the cheese factory is proving a life-saver for them."<sup>12</sup> Halsall himself wrote that "the building of the Cheese Factory has been well worth while.... Those farmers who have made use of the factory have been able to pay their store bill from week to week."<sup>13</sup> Perhaps it is instructive that this new development in food processing came from refusing to see the co-op as simply a store, and seeing it rather as an organization whose purpose was to help members. Helping members was, in the end, also good business for the store. Members, in turn, were loyal to the organization. When, in 1937, the store burned down with a loss of \$30,000, the co-op recovered within a single year. In 1938 it even added a new poultry and egg marketing service.

*Alberta Co-operative Wholesale*

The Killam Co-op was one of perhaps a dozen in the Prairies that stood out as comprehensive stores and all-round community service institutions. It was only natural that Killam and Halsall developed into leaders among Alberta's consumer co-operatives. Halsall dedicated a significant amount of his time and energy and of Killam Co-op's resources to promoting the formation of a co-operative wholesale for the whole province of Alberta, assisted by a few

other well-developed societies such as those at Wetaskiwin and Ponoka. This effort culminated in the formation of Alberta Co-operative Wholesale Association Limited (ACWA) in 1928. Halsall and Killam's role in ACWA reveals how one local success can be a springboard to a larger-scale accomplishment.

Halsall was not always right—and certainly his contemporaries did not always follow his lead. This was especially true in the sensitive matter of the relationship between the consumer co-operatives and the political organization of Alberta producers, the United Farmers of Alberta. Halsall fought doggedly and unsuccessfully in favour of maintaining autonomous co-operative organizations; in favour of measured, gradual development; and in favour of specifically co-operative education, against opponents who favoured having the new wholesale company and the co-operative movement devote themselves to serving the UFA. Initially, his opponents won. Over Halsall's objections, co-operative meetings agreed to having ACWA expand rapidly, sell to UFA locals, and accept government financing to do so.<sup>14</sup> The best that Halsall and his allies could manage was to uphold a few key elements of co-operative practice. This included motions in favour of promoting co-operative education, and an invitation to George Keen (the Ontario-based national co-operative leader) to speak to Alberta co-operators about the principles of co-operation. Halsall and his allies also urged the maintenance of other co-operative principles, such as to continue the practice of selling at more than cost, to maintain some margin for security and for eventual patronage refunds.<sup>15</sup> But still, Halsall was in a minority, and in the face of the majority decisions, he resigned from the leadership of the wholesale.

The results of the policy of rapid expansion and partnership with the UFA were predictable. ACWA overextended itself and assumed heavy debt just as the world economy was going into a depression. In particular, the wholesale made a large purchase of lumber, even though conventional wisdom holds that purchasing building supplies is one of the expenditures farmers forego in bad years. Lumber sales and prices plummeted, leaving ACWA with a pile of near-worthless lumber to offset a pile of urgent debt. The combination of speculative, debt-financed expansion and world depression turned into an economic catastrophe. The United Farmers proved to be unhelpful allies, since the Depression and scandals undermined the UFA government and contributed to its defeat by Social Credit supporters the next time it faced the electorate, in 1935. In the meantime, the consumer co-operative movement had to learn to stand on its own feet, and not lean on the failing producer movement. At the wholesale's seventh annual meeting in 1934, its debts were finally covered with the help of the Wheat Board Trust and an advance provided by Killam Co-op.<sup>16</sup> With this out of the way, the entire board of directors and the manager resigned. William Halsall now returned as if from exile

to take the positions both of manager and secretary of the wholesale, running ACWA part-time out of his own co-op at Killam.

Financially, the wholesale was a shambles. Halsall perceived that the only thing ACWA could carry on effectively was education, and this he urged it to do. Halsall had not even been back as an officer of the wholesale for a single meeting when his characteristic ideas began to reappear in the motions in the minute book: hold a two-day co-operative school, bring in George Keen to address it, appoint an education committee. Within one year, the wholesale found the resources to rejoin the Co-operative Union of Canada (CUC), and persuaded Alberta Wheat Pool to do the same. A provincial section of the CUC was organized for educational work. Radio and newspaper campaigns were undertaken to publicize consumer co-operation.<sup>17</sup> By 1937 the wholesale was able to demonstrate some success. Based on the loyalty of just seven co-operatives that bought 87 percent of the wholesale's volume, ACWA finally achieved a surplus of \$644.45. With a new manager and a reorganization in 1938, ACWA was at last back on its feet.<sup>18</sup> In many ways it never recovered fully from the crisis of the early 1930s, and remained economically weaker than its counterparts in Saskatchewan and Manitoba.<sup>19</sup> Nevertheless, on a regional level, consumer co-operatives had some success in northcentral Alberta. This can substantially be attributed to Halsall—above all, to his dedication to sound business practice and co-operative education in the midst of the Depression.

### *Making a Difference*

With Halsall's help, Killam Co-op made a difference to its members, its community, and to the province. But outside of Killam in the wider Alberta movement, Halsall's emphasis on sound and clearly thought-out principles, his advocacy of education, his insistence on slow development from the bottom up, fell largely on deaf ears. Only after all else had fallen apart was Halsall given the opportunity to set the direction for the wholesale and the wider movement. How did he appear to contemporaries? Did he come across as stubborn? Rigidly dedicated to traditional co-operative principles? Were his Lancashire ideas perceived as exotic in the northern Alberta plains? Are there leaders who, though right, are ineffective at carrying the majority with them? Or are there constellations of forces, issues, and conditions so inauspicious for co-operative development that no leader could make a big enough difference? Halsall epitomizes many of the enigmatic aspects of co-operative leadership, beginning with the fact that, although provincial and national leaders in co-operatives are drawn from local leaders, not everyone who is successful at the local level can make the transition to higher levels of co-operative leadership. This is particularly true in environments of competing groups and interests (Halsall, for instance, was unable to make a difference in the UFA's dis-

astrous approaches). Finally, one could observe that there is a tendency for even clear-sighted leaders to go nowhere unless they also have clear-sighted followers.

***J.J. Siemens—Education and Improvement  
in Altona, Manitoba, 1931–1945***

The 1920s and 1930s were an era of rapid social and technological change—the mechanization of farming; the spread of chain stores, department stores, and other new forms of retailing; greater concentration of ownership and the continued development of national and multinational giants in key sectors of the economy; evolving transportation systems and world markets; and then the Depression—market and environmental disasters, people fleeing the land. The threat to local communities in the 1930s led people, indeed forced them, to look for local, community solutions. As always, there were people who, for whatever reason, perceived the possibilities for innovative answers sooner or more clearly than others did.

*An Opportunity for Local Action*

A good example of the possibilities for local action is provided by events in the area of southern Manitoba around Altona and Winkler following 1930.<sup>20</sup> This region, about thirty-five miles across, had been settled by Mennonites in 1874–75, thickly settled so that its population reached 20,000. These people came to Manitoba to escape the oppression of Tsarist Russia, and brought with them a co-operative, community spirit. By the 1920s, however, this region, like all others, was caught up in the rising prosperity and individualistic optimism of the boom years. Its dependence on commercialized agriculture meant that it was hard hit by the Depression: 626 of 1,240 farmers in the Altona district lost title to their farms through foreclosure or bankruptcy; a further 455 were so heavily in debt they were obliged to pay one-third of their crop to their mortgage holders; only 159, or less than 13 percent, retained clear title. In these circumstances, the traditional Mennonite response to adversity—hard work—was not enough.

In direct response to this crisis, five friends, including two farmers, a businessman, a school principal, and a teacher, met and decided a new kind of community organization was part of the answer. This was, if you like, a small-town intellectual elite. They decided that their community's way out had to involve education as well as agricultural, commercial, and civic improvement. After a hard half-winter of organizing, a meeting was called on 17 January 1931 in Altona, and drew seventy-three people from throughout the area. The meeting launched the Rhineland Agricultural Society. J.G. Neufeld (the school principal from the organizing group) was elected president, J.J.

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“Jake” Siemens (one of the farmers) vice-president, and Peter D. Reimer (the schoolteacher) secretary-treasurer. The society was given a broad educational and reform mandate. Perhaps the decision to form an education-oriented agricultural society reflected the influence of the two educators on the executive; but it was also based in earlier local experience with education and civic improvement.<sup>21</sup>

*Rhineland Agricultural Society*

The new society advocated improved agricultural methods, including mixed farming instead of monoculture, row crops and crop rotation, more stable and labour-intensive agriculture; but it also had a broader purpose. The society launched a quarterly journal, which became a means for local people to keep abreast of the latest agricultural methods and also of social reform and civic improvement. Reimer edited the *Quarterly* with what has been referred to as a “broad social vision and sense of social responsibility,” expressed in a mandate for general education.<sup>22</sup> This occasioned some criticism from those who thought the journal should focus only on agricultural production questions, but a supporter of the society is quoted as responding, “what’s the good of our introducing new crops and better farm practices if no one stays on the land? Unless we show the youngsters that farming is a good profession and that a small community can be a better place to live than the cities, all the ‘practical help’ is wasted.”<sup>23</sup> The society does not seem to have neglected the practical help—together with the “ag rep” it promoted a large number of agricultural clubs, involving at one point more than seven hundred young people, that attacked problems such as improving local gardens, poultry, livestock, grains, and grasses. Later clubs taught homemaking courses and crafts and hobbies. By 1936 the society was able to formalize its educational activities as the Rhineland Agricultural Institute, which offered short courses.

*Rhineland Consumers Co-operative*

The educational thrust of the agricultural society had important spin-offs in the creation of new enterprises. One week after the founding of the agricultural society, the Rhineland Consumers Co-operative was created to handle gas, oil, grease, and binder twine for its members. The co-operative was to be located in Altona so as to be central to the region. J.J. Siemens was elected the first president. It is probably not too much to claim, as one writer has done, that the Rhineland Co-op was “the model and pattern for most of the subsequent co-operatives in the region” and exerted “a vast influence on the communities of Southern Manitoba.”<sup>24</sup> Because of the co-op and the agricultural society, the town of Altona became the hub of co-operative de-

velopment in the region. As usual, however, the early development of the co-op was not easy.

The co-operative had to begin by buying supplies and equipment for handling petroleum products—an expensive and difficult line of business with which to start. With less than \$200 in paid-up capital, the co-operative proceeded to negotiate the purchase of an existing \$3,000 oil station. In addition, it needed \$2,500 credit for a year’s working capital, and \$5,000 to purchase binder twine. These sums could only be raised when the directors agreed to pledge their own farms as security for the co-operative’s loan.<sup>25</sup> These amounts could not be quickly repaid, because the co-op’s creation started a series of price wars by competitors. After \$1,197.80 in net earnings during six months in 1932, earnings fell to \$153.16 for twelve months in 1933.<sup>26</sup> For the first six years, no patronage refunds were paid out, and the entire net savings were ploughed back into the society. By 1935, this meant that the original debt had been paid off, and in 1937 (despite a calamitous fire the year before) the first \$1,600 was distributed to the 353 members. Even before that date, the co-operative claimed credit for permanent price reductions in its trading area, which benefited members and nonmembers alike.<sup>27</sup>

### *Opposition*

In addition to its monetary problems, and the usual doubts and uncertainties that plague any innovative business, the co-op had to contend with opposition from the more conservative Mennonites. Some local citizens decried the “radical,” “evil,” “outside” influence of the co-op, and denounced its leaders as agents of Moscow. (The most recent wave of immigration of Mennonites to Canada had been those fleeing Stalin’s collectivization in the 1920s. Mennonites who feared Communism did so out of the personal experience of their families, not only out of ideology.) Siemens and Reimer, because of their visionary assertions, bore the brunt of the attack. Reimer, the schoolteacher, was actually driven out of town (according to at least one account) and died in 1936 in a sanatorium.<sup>28</sup> “The church,” noted Peter Penner, “is neutral or opposed to the co-ops [but] younger people are drawing away from the church.”<sup>29</sup> The school principal had to be circumspect, the schoolteacher lost his job; Siemens was perhaps able to endure controversy because of his independence as a farmer.

### *The Power of Education*

Economic success was a powerful answer to criticism, and so was education. With its monetary debts paid, Rhineland was in a position to begin repaying the educational work from which the co-operative had benefited. In 1935 the co-op set a fixed proportion of its surplus aside for education, which in-

cluded essay contests for school-aged boys and girls on topics such as “The Value of Consumer Co-operation to the Community.” In 1937 Siemens, the president of the co-op, made a concerted effort to organize study groups throughout southern Manitoba to discuss current problems and co-operative solutions; in the following years the numbers of such groups mushroomed, and this activity was credited with initiating a new wave of expansion in the co-operative movement.<sup>30</sup> In 1939 the co-op even engaged its own educational fieldman, who helped organize discussion groups, “folk schools,” new co-ops and credit unions, contests, and fair displays. Later, the fieldman helped organize the 1941 Federation of Southern Manitoba Co-operatives, whose first president was J.J. Siemens. The federation provided education, auditing services, insurance, film projectors, and other assistance to co-operatives in the area. A representative summed it up for a 1956 conference by saying, “the Rhineland Co-operative has been built largely on education and promotion and public relations. It has spent \$3,000 on education for \$100,000 in sales in a year.”<sup>31</sup>

Other co-ops spun off from the Rhineland Co-op and its educational activities, such as Altona Co-operative Service, created in 1937 to set up a co-operative grocery store in the town. Once more the original directors had to pledge their own property to get the co-op started. As with many stores, the start was difficult; it opened in April with ten members and \$50 in paid-up capital, and then ran at a loss for the first few months, with little membership growth and stiff competition. By the end of the third year, it was earning \$1,200 in savings; by 1944 it had more than eight hundred members, and by 1948 it had 1,452. In its first twelve years, 1937–1948, the store had net savings of \$155,247—a significant amount for a Prairie town.<sup>32</sup> Then came a credit union in 1938 in nearby Lowe Farm, and two years later a co-operative store in the same community, which later added a frozen food plant. Gretna Consumer Co-operative was organized in 1939, and Plum Coulee Co-op store opened in 1940. Co-operation spread into marketing and processing with the Winkler Co-op Creamery in 1940; a credit union followed in Winkler the same year, a co-operative garage and oil station the year after, and a co-operative general store the year after that. And no enumeration of the local co-operatives would be complete without mention of Altona Co-operative Vegetable Oils, a brainchild of J.J. Siemens organized in 1943 to crush sunflower seeds for oil. This was a conscious attempt at diversification away from grain and was hailed as a pioneering effort for North American agriculture.<sup>33</sup> The vegetable oil plant opened in 1946 after a massive \$160,000 capital outlay helped by government bond guarantees and loans from other local co-operatives: \$100,000 was raised within a ten-mile radius of Altona.<sup>34</sup>

The Altona-area co-operatives also played an important role within the larger co-operative movement, beginning with the early decision under Siemens’s leadership to have Rhineland Co-op join Manitoba Co-operative

Wholesale Ltd. (MCW) in 1931. By 1943 the second- and third-largest co-operatives in MCW, in terms of members, were Altona Co-op Service and Rhineland; Winkler Co-op Service was ninth. The three large Altona-area co-ops had between them 13.7 percent of the total 15,938 individual members represented by Manitoba Co-op Wholesale—more than Winnipeg.<sup>35</sup> But the southern Manitoba co-operatives were especially important because of the educational model they provided.

Education “is the most important subject confronting the Co-operative Movement in Canada,” said Walter F. Popple, president and general manager of Manitoba Co-op Wholesale, in 1937. “But as far as we know,” he continued, “with the exception of a very few locals, no definite policy has been adopted for educating the people of the communities along the lines of the democratic principles of co-operation.”<sup>36</sup> Rhineland Co-op was one of the “very few locals” that had in fact self-consciously adopted a policy of education. It was a model for other Manitoba co-operatives and was repeatedly praised at co-op meetings in the 1930s.<sup>37</sup> Siemens consistently used his position as a director of the Manitoba wholesale and later of Federated Co-operatives to promote co-operative education, including the idea of an “International Co-operative Institute,” a project that contributed to the formation of the Co-operative College of Canada in 1959.

#### *A Remarkable Outburst*

The outburst of co-operative activity in the Altona area between 1931 and 1945 was truly remarkable. Starting with little in the middle of the Depression, the farmers and townspeople had within not much more than a decade acted to secure both their income and their expenditures through co-operatives. They had educated themselves about agricultural improvement, about economic and social change, about new forms of business and ideas of community development. They had diversified their economy with what would now be called value-added processing, and they had trained themselves to take on the necessary roles as directors, managers, employees, and members. The model they provided was likely in advance of all comparable rural areas in the Prairies at the time. In all of this they were probably (despite the attacks on certain leaders) aided by the cohesiveness and sense of identity shared by the Mennonite community; this is an important reminder of the kinds of social structures that often underlie successful community endeavours. What were the long-term effects? Economists and sociologists have yet to devise appropriate measures for the long-term socio-economic benefits of community development; yet one might observe that the Altona area remains relatively diversified (famous across the Prairies for sunflower seeds, sausages, and printing, among other things), prosperous, and populated.

### ***Ordinary and Extraordinary Leaders***

What do the stories of people like Halsall and Siemens have to say about co-operative leadership? They are, to be sure, only two individuals, prominent in their communities and to some extent their provinces at one time, but not among the first rank of famous co-operative leaders. They might be considered obscure; yet they are also not representative. Halsall and Siemens may have had little in common with each other, and little in common with most other members of the co-operative movement. These were exceptional individuals—not because they were necessarily brilliant or charismatic, but because their lives, experiences, choices, and personalities were different from many around them. Halsall stood out for his old-country co-operative experience and his stubborn dedication to time-honoured approaches. These qualities enabled him to see the potential for a small-town co-op store in the early twentieth century; to build up Killam Co-op as a diversified enterprise; and to fight against risky tendencies in the provincial co-op wholesale company. Siemens stood out for his visionary commitment to education and his willingness to sponsor innovations within a tightly knit community while enduring controversy. There must have been something about him that enabled him to see a path and stick to it. This allowed him to lead a broad, district movement for community improvement.

Perhaps, if we examined many of the key figures in co-operative development, we would find that there was often something different about them: some experience or quality that was appropriate to the times, that enabled them to see a problem or a possibility a little more quickly than contemporaries. Their difference from their colleagues, perhaps their experience “outside” the community, the movement, or the country (as in Halsall’s case) enabled them to play a particular role in leading people from where they were to where they could be. This should not surprise us. People are different. Difference is strength. One should not expect all effective co-op leaders to be alike, nor all to be like their followers.

In some ways, of course, Halsall and Siemens were alike, and the characteristics they shared were also shared by many effective co-operative leaders, at least of their generation. Two features stand out. The first is that both upheld co-operative principles and, above all, advocated co-operative education. This was important. During the boom years of the mid- to late 1920s, co-operative education and idealism were not universally valued. Schemes for quick, big, commercial success were not unknown, even among co-operatives. Few had patience for education and pure self-help. Matters were different, however, during the tough years of the Depression. More people saw more clearly that there were no easy ways out. Leaders who called for hard work and for self-improvement found audiences, especially as many of the competing ideas were (figuratively or literally) bankrupt. Halsall and Siemens

seem to have shared an orientation toward gradualism and education, sound foundations and hard work, which they understood as part of the language, culture, and ideals of the co-operative movement. And this was connected to a second quality they shared: the ability to integrate long-term idealism and short-term pragmatism. Leaders of this sort show that words such as “visionary” and “penny-pincher,” “Utopian” and “careful manager,” can apply to the same individual. Both of these people knew how to imagine new things, to visualize alternative futures for their communities; and they also knew how to make a practical, down-to-earth project work, how to tell the difference between a bad risk and a good one.

Perhaps the ideal co-operative leader is the person who is neither an optimist nor a pessimist, but rather the one who can dream like the optimist and manage a business like the pessimist.

In the end, there is no point searching co-operative history for the blueprint of a perfect leader. But we might remember: effective leaders are diverse and different from each other and often from those around them. They may come from outside, or have a unique vantage point because of their experiences or their station in life. They will be able to mediate between vision and practice, between the Utopian and the mundane. They cannot be identified in advance by nationality, class, affiliation, or gender. But perhaps we can know them by their fruits.

### **Endnotes**

1. This is a shortened and significantly abridged version of an essay first published in Jerome Martin (ed.), *Alternative Futures for Prairie Agricultural Communities* (Edmonton: Faculty of Extension, University of Alberta, 1991), and reprinted here with permission.
2. Interview with Mrs. Nellie Peterson by J.E. Cook and F. Johnson on 28 Feb. 1970, in Provincial Archives of Alberta (hereafter PAA) 70.282.
3. *Alberta Co-operative Leaders* (Edmonton: Alberta Livestock Co-operative, c. 1946), 30. In PAA 86.307 Alberta Institute of Co-operation.
4. F.J. Fitzpatrick (Supervisor of Co-operative Activities and Credit Unions, Province of Alberta), “Co-op History,” *The Canadian Credit Institute Bulletin* no. 179 (April 1948): 3; and *The Co-operative Consumer* 19/6/1964, 5.
5. “‘Co-op’ Plans for Building New Quarters,” *Hanna Herald*, March 1930 (clipping in Glenbow Alberta Institute archives M2369 f. 636. (And the same source for the following.)
6. Alberta Dept. of Agriculture *Annual Report* for 1937, 8 (in National Archives of Canada [hereafter NAC], Co-operative Union of Canada [CUC] 87).
7. *The Co-operative Consumer* 19/6/1964, 5.
8. Quoted in *ibid.*
9. *Ibid.*
10. *Ibid.*

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11. Halsall to Keen, 24 Dec. 1936, in NAC, CUC 169.
12. Alberta Dept. of Agriculture *Annual Report* for 1937, 9.
13. Halsall to Keen, 24 Dec. 1936.
14. Meeting of ACWA executive with UFA at Lougheed Buildings, Calgary, 11 April 1929.
15. ACWA 3rd Annual Meeting, Palliser Hotel, Calgary, 20 Jan. 1930.
16. The Wheat Board Trust was created with surplus funds from the federal government's sell-off of farmers' wheat during the period when the government was forced to intervene in grain markets.
17. Annual Meeting of ACWA, 16 Jan. and 25 April 1934; CUC-Alberta Branch. Minutes of the Alberta Provincial Co-operative Union Convention. Parliament Buildings, Edmonton, 25–26 June 1934; ACWA General Meeting, Calgary, 16 Jan. 1935; ACWA Board, 10 July 1935.
18. Statistics from "Financial Statement of the Alberta Co-operative Wholesale Association Ltd. Year Ended December 31, 1936," and "Alberta Co-operative Wholesale Association Ltd. 1936 Sales," both in NAC, CUC 172.
19. Unlike in the other provinces, ACWA faced competition in farm supplies from the United Farmers movement. UFA Co-op, the economic arm of the UFA, survived the political movement's collapse and continues to operate today.
20. This story is amply told in Robert Meyers, *Spirit of the Post Road: A Story of Self-Help Communities* (Altona: Federation of Southern Manitoba Co-operatives, 1955). What follows is based on pages 1–5 and 11–12.
21. Five nearby school districts, for example, had entered the Canadian National Railways Progress Competition of 1930, which emphasized educational, agricultural, and civic accomplishments. The experience "did much to popularize the idea of self-help through group action," to quote one commentator. Buying clubs had also been active in the area, and after study of the Rochdale co-operative principles and contact with the organized consumer co-operative movement, one formal co-operative was established in 1930. The co-operative movement in the Altona area therefore already had experience in community improvement and co-operative business as well as a foundation of co-operative education. (ibid., 13–17, and 22ff.)
22. Meyers, 19–20.
23. Ibid., 20.
24. Ibid., 39 and 48.
25. Ibid., 40–42.
26. Peter F. Penner, "Altona Cooperatives and the Federation of Southern Manitoba Cooperatives," in *Proceedings of the Fifth Annual School on Co-operative Education and Organization*, University of Saskatchewan, 1956, 29.
27. Meyers, 49–52.
28. Ibid., 30 and 46–47.
29. Penner, 32.
30. In all of Manitoba: 17 study groups 1937–38; 58 groups 1938–39; over 200 groups 1939–40; 435 groups with 4,287 members 1940–41 (*Handbook of the Manitoba Federation of Agriculture*, 1941–42, p. 7, in Provincial Archives of Manitoba [hereafter PAM], Kennedy papers, f. 15). On the "greatly increased interest in the co-operative movement" because of these groups, see page 6.

31. Penner, 32.
32. Meyers, 63–65.
33. Penner, 30.
34. Meyers, 118.
35. “Manitoba Co-operative Wholesale Ltd. Seventeenth Annual Report, 1943,” in PAM, Kennedy papers, f. 18.
36. PAM, Manitoba Co-operative Conference papers B2.
37. “Minutes of the Ninth Annual Meeting of Delegates, Manitoba Co-operative Wholesale Ltd.,” in NAC, CUC 169; “Minutes of the Tenth Annual Meeting of Shareholders, Manitoba Co-operative Wholesale Ltd.,” in PAC, CUC 174; directors’ report, 1937 annual meeting, in PAM, Manitoba Co-operative Conference papers B4.



*This continuing attachment to the hinterlands was appropriate, if unfortunate, since it was in keeping with the experience of the first half of the twentieth century. Regional tensions, rural grievance, consumer unrest, and dissatisfaction among primary producers were all consequences of the centralized way in which the nation and its economy had been developed. Powerful undercurrents in the national life, they were the essential initial forces behind organized co-operation. It is, in fact, a reflection of their power that the co-operative movement and its organizations had become such significant forces. Quietly, but with remarkable rapidity, co-operative techniques had become a major defender of the hinterlands between 1900 and 1945.*

Ian MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1900–1945*  
(Toronto:Macmillan, 1979), 214–15.



*There is a third reason why the St. Francis Xavier Extension Department made economic cooperation part of its educational program. Co-operation had a great record in other parts of the earth. It had spread from Rochdale, England to every part of the globe. Millions of people with different religious, political or social ideas had found cooperation practical. This was true not only in the field of merchandising but in the fields of service as well. It had been demonstrated that any financial operation that could be carried on by private-profit business could be done in a cooperative way.... The fact that this movement was propagated by the lower classes in society, those who had the least education and the lowest economic status, is eloquent testimony to its practicability. The further fact that this was done in the face of vigorous opposition by the most highly educated and the best-off members of society proves that it is something that has universal appeal and is in harmony with the best instincts of man.*

Dr. M.M. Coady, *The Social Significance of the Cooperative Movement* (Chicago: The Cooperative League of the USA, 1945), 13.

## *A New and Disturbing Presence*

*Father Moses Michael Coady  
and the United Maritime Fishermen*

*Michael Welton  
Mount Saint Vincent University*

**I**n late November 1927, a professor of education from St. Francis Xavier University in Antigonish, Nova Scotia, walked into the Halifax board room of the MacLean Commission inquiry into the crisis in the Maritime fishery, and sat down to testify. Although not particularly well known outside educational circles and the troubled parish life of the Diocese of Antigonish, this man, plainly, was no ordinary presence. He stood six foot two and weighed over two hundred pounds. He had broad shoulders and a ruggedly handsome face, broad of forehead with piercing, coal-black eyes. He exuded toughness and self-confidence.

Father Moses Michael Coady, an expert in rural life, was the first witness called to offer his views on the multiple problems of the Atlantic fishery. The commissioners had been travelling through the fishing villages in Prince Edward Island and Nova Scotia—places with unlikely names such as Malignant Cove, Monk Head, and Moose Bay—for a month and a half. The stories they had been hearing were deeply disturbing.

Coady addressed the inquiry in a fiery manner. He told them that he was interested chiefly in the educational phase of the industry, insisting that the people, not just the fishing machinery, should receive attention. Times had changed, and fishermen had been unable to adapt. Through scientific knowledge, he claimed, fishermen could take advantage of possibilities yet imagined.

Maritimers had never been taught to think critically, Coady told the commissioners, and had overlooked the necessity of planning. Many small

industries could be established in the small villages, if only plans were made in advance. Co-operation, in its broadest usage, was the way to progress, he said, pointing to the success of the Nova Scotia creameries as example.

Coady thought that while the common schools could contribute a little to the solution of practical problems, the way forward really lay with community civic education. Adult education, he pointed out, is nothing more than an injection of ideas. Coady recommended that short, group courses be provided for the fishermen, and since the university had neglected to do anything, he urged the commission to have government institutions do the work. He concluded by arguing that unionism among the fishermen could do much good and would keep them alive to all current questions.<sup>1</sup>

Nobody who heard Moses Coady's presentation before the Royal Commission in late 1927 could have imagined the trouble this forty-five-year-old priest would become to the vested interests over the next thirty years. Nor the extent to which they would hear this big man reiterate, tirelessly, the themes of his comments to the commissioners. The world was changing irrevocably. The educational institutions of the people had not prepared them to grapple with this changed world. People took precedence over money. People had the potential to think their way to new solutions. They had to co-operate to reach their full potential, as individuals, as communities, as a province. Who would show them the way? What direction should their economic action take?

### ***The Extension Department at Antigonish***

In the face of rising bitterness about the failure of their own institution to respond to the plight of the primary producers and industrial workers of the scattered parishes in eastern Nova Scotia,<sup>2</sup> reform-minded priests in Coady's Antigonish diocese had agitated unceasingly throughout the 1920s for an Extension Department at St. Francis Xavier University (St. FX). With the MacLean Commission deliberating, the media in an uproar over mounting evidence of hunger, impoverishment, and destitution among fisher families, the coalfields in Cape Breton literally in flames, and priests and parishioners everywhere distressed and agitated, the board of governors officially approved the formation of St. Francis Xavier University Extension Department in November 1928. They asked Moses Coady to become its first director.

Coady and his brilliant assistant, Angus MacDonald, had few financial resources and only sketchy ideas about how to proceed. So they spent six months travelling throughout Canada and the United States, visiting adult education programmes and advocates, scouring for ways of thinking about how they might set in motion a programme of reform in beleaguered Nova Scotia. Coady and MacDonald would have had little time for the course-giv-

ing approach of eastern Canadian universities such as Queen's and the University of Toronto. They were more attracted to the universities of Alberta and Saskatchewan, which identified the fate of their new institutions with their ability to carry useful knowledge to the people. These universities, from their inception in 1906-07, responded to the needs of people hungry for cultural enlightenment, scientific and technical insight, and human solidarity.

### ***Secondment to the Department of Fisheries***

Coady returned to Antigonish in the late spring of 1929 with a sounder sense and firmer basis for the shaping of the Extension Department's programme of adult education. And as it would turn out, he did not have to answer the question of where to begin. In the fall of 1929, amid much controversy and behind-the-scenes lobbying, Coady was asked by the Canadian Department of Fisheries to organize the fishermen of eastern Canada. This would be the defining moment of his career. It would also become the basis for the myth of the "modern Moses" who sought to lead his people into the promised land of co-operation.

For a variety of reasons, not everyone thought that Moses Coady was the right man for the onerous and treacherous task of organizing the fishermen. He faced opposition from several quarters. He had no previous experience with the fishery, and he was a vulnerable target. But he quickly proved his detractors wrong.

In late December 1929, just after Coady had been seconded from St. FX, J. Cowie, an Ottawa insider with sympathies for the fish merchants, wrote a memorandum to W.A. Found, deputy minister of Fisheries. In no way did he think that the fishermen should be "encouraged to form themselves into associations for curing and marketing fish." Displacing the merchant fish curer or dealer was out of the question. But, Cowie averred, it did seem appropriate for fishermen to form associations to discuss their problems, purchase fishing supplies, and form groups or crews for purchasing bigger and better crafts. The existence of these "fraternal associations" would enable the department to discuss matters with them from time to time. But Cowie did not think it was wise to send out men who were not in the industry to speak to the fishermen.

Take for example, Dr. Coady, who I understand is to be one of such. He no doubt has a first-rate general knowledge of economics, but his knowledge of the practical points proposed to be covered would not impress the average fishermen, and might even lead to awkward embarrassing situations in the event of questions being asked, as they no doubt will be at the meetings, and end in the Department being ridiculed, at least amongst the non-Catholic fishermen.

Cowie, it seems, mainly feared militant, organized fishermen. He was comfortable with something akin to a fishermen's club—an association, simply there when and if the department needed it.<sup>3</sup>

Cowie was not the only one sceptical about the fishermen's capacity to organize. A. Handfield Whitman, managing director of Robin, Jones, and Whitman, told Found that in his experience, the Fishermen's Unions were "entirely irresponsible bodies," who lived up to contracts only if it suited them. The fishermen's problem, he explained, was that "they think the merchant is making a lot of money out of the product."<sup>4</sup> In turn, Found informed Whitman that the department wanted the fishermen to "form themselves into Associations...to enable them better to consider their own problems; to make it a simpler matter to carry on educational work by having concentrated points of attack and to encourage co-operative effort where such is feasible particularly in purchasing and production." Found believed that co-operative effort appeared to be a "hopeful solution of existing difficulties, but to be as effective as it should be it should comprehend the marketing as well as the producing end of the industry."<sup>5</sup>

### ***The Challenge***

The federal government had clearly thrown down the gauntlet to the fishing industry. The Department of Fisheries had received voluminous evidence in the process of the MacLean inquiry that many shore fishermen were in an acute state of crisis. The Fishermen's Union movement, initiated in 1907, had lost vitality, and most of the unions had passed out of existence. Few unions attempted any kind of co-operative work, and without organization, the fishermen could only articulate their needs in haphazard and disjointed fashion. The department thought that unorganized fishermen would be inclined to make "representations of a destructive character. Such agitations are not wholly futile, as agitation is necessarily the first step toward organization, and the initial stage of co-operative movement. The wisdom and utterance of an organization is much more effective than that of solitary individuals crying in the wilderness."

For decades the fishermen had been crying in the wilderness. Along large stretches of the eastern coast of Canada, most shore fishermen had been left behind in the wake of "change and progress that has marked the development of the fisheries in the past fifteen years," and although some sections of the coast were more favoured, "conditions of disquietude and misgiving with regard to fishing equipment, processing, transportation, and marketing facilities...[were] general along the whole Coast." The departmental "Memorandum" on the "Fishermen's Cooperative Movement" asserted that "adaptation of all agencies to the common good is imperative. New wine in old skins does not improve the quality of the product, nor will

time-worn equipment and imperfect methods produce sea foods for the table at worth while prices.” Co-operation had worked in agriculture; it surely could work in the fishery.<sup>6</sup>

### ***Organizing the Fishermen***

On 28 September 1929, at Canso, Moses Coady began what he would call his “trying ten months” of organizing the fishermen in the Maritime provinces. This was the appropriate place for the beginning. His cousin, Father J.J. Tompkins, the firebrand agitator and Coady’s mentor for more than twenty years, was pastor at the Star of the Sea church in Canso, exiled there from his former position as vice-president of St. Francis Xavier University in late 1922. Tompkins had initiated a series of adult education courses for local action initiatives in and around Canso. His agitation had sparked George Farquhar’s series of articles in the *Halifax Chronicle* under the caption “Save Our Fishermen” in June and July 1927, which helped press the government to create the epochal MacLean Commission. Ironically, perhaps, officials in the Department of Fisheries would be harbingers of a coming new day for fishermen in the Maritimes. Working with remnants of the old Fishermen’s Unions (organized into stations),<sup>7</sup> department officials aroused the countryside for Coady’s visit. When Coady “blew into Canso,” the fishermen had gathered, six hundred strong, in the Ideal Theatre. One might have expected that after all these bitter years the fishermen would have been ready for a good fight, but the crowd was neither tense nor belligerent and appeared receptive to Coady’s message. Recalling this historic meeting, Coady declared that they “weren’t looking for handouts...all they asked for that day was a plan of action.”

After Canso, Coady made his way to Port Bickerton, organizing the Eastern Shore down to and including the mouth of Halifax harbour. Before Christmas, he had covered the territory from Big Island to Havre Boucher, and then along the coastline from Pictou to Baie Verte. Coady’s message was straightforward. Speaking in Glace Bay, Cape Breton, in the Old Country Hall on 23 October, he extolled the benefits of organization. The wheat pools had been a boon for struggling western farmers; fishermen could also organize. The fishing industry, in Coady’s view, had a wonderful future. All that was necessary was to educate the fishermen in modern methods of catching and transporting the fish to best possible advantage.

Organizing along the Eastern Shore was extremely arduous. Setting out in early December, Coady’s large Buick (he loved these big cars) navigated along rutted, high-crowned roads veiled with ice, every mile a hazard. At times, the vehicle skidded out of control, coming near to plunging into the open water. Keeping to schedule, he moved through the communities of Sheet Harbour, Spry Bay, Spry Harbour, and Tangier. Everywhere, fishermen awaited, eager for some direction. Just beyond Tangier, on a particularly

nasty stretch of road in the woods near Ship Harbour, the heavy car slid into a brook. Standing knee-deep in freezing water, Coady laboured to free his car until he broke the jack. When his huge shoulders also failed to lift the car, he walked the two miles back to Ship Harbour, where he obtained a pair of horses and a heavy wagon. These efforts, too, proved useless, so he returned to Ship Harbour and phoned the nearest garage—eighteen miles away at Musquodoboit Harbour. The wrecking truck was out of commission with a frozen block, but the garageman came to the rescue with a car and block and tackle, which eventually succeeded in pulling Coady's beloved Buick out of the brook.

Arriving at Musquodoboit Harbour at 1:30 in the morning, Coady obtained lodging at the home of A.C. Day, the local fisheries officer. One might suppose that he would simply collapse into bed after such an ordeal, but standing over a hot radiator while his garments thawed, Coady spoke for an hour on the subject of social justice to fishermen. Next day he was underway again, determined to finish organizing Nova Scotia's Eastern Shore. At Port Bickerton, the fishermen waited for an hour or so for his arrival, which had been delayed by the bad roads. When this driven and impassioned man finally got there, the fishermen refused to have their meeting until Coady had eaten. As it would turn out, Port Bickerton would emerge through the 1930s and 1940s as an exemplary co-operative and rejuvenated fishing community—a jewel in the movement's iconography.

On 10 December, Coady started his sweep from Ballantyne's Cove up the coast to Port Elgin, New Brunswick. Time after time, the Buick had to turn back, the Atlantic winter getting the better of man and machine. Coady then resorted to horse and sleigh, which, although it got him through, was not without its disadvantages. On one occasion, he arrived in Pugwash with three frozen fingers, but nevertheless pressed ahead with three scheduled meetings. A classic account was the story of the trip from Grand Anse to Shippegan, on New Brunswick's north shore. Coady had changed horses en route, but the new animal would promptly lie down in the snow at the sight of every major snowdrift. Part of this trip was accomplished with the driver breaking the trail for the delicate horse, while Coady pulled the light pong sleigh.

After Christmas, resplendent in a new fur coat, Coady met with the fishery officers for the province of Nova Scotia and presented his scheme for the "education and organization of the fishermen." In January 1930, he was off to New York and Boston to study the trawler issue. Nothing symbolized the shore fishermen's fears and plight more than the trawlers, with their capacity to store hundreds of thousands of pounds of fish, and hence put the shore fishermen, with their schooners, out of business.

From Boston, Coady returned to New Brunswick, where Col. A.L. Barry, Supervisor of Fisheries, Father J.L. Chiasson, and Rev. J.H. Hill joined him to help organize the fishermen of that province. These three men—Barry,

Chiasson, and Hill—would anchor the movement in New Brunswick for decades. Wily, courageous, and intelligent, Barry was a crucial presence within government circles. He was also a trusted mentor, ardent defender of the fishermen, and Coady's advisor on the intricate matters of the fishermen and their industry.

The winter months eventually forced Coady to forestall his whirlwind organizing tour, which resumed in April 1930 in some unfinished sections of Nova Scotia. He met with little success around Digby Neck, but had better results in the Yarmouth section, from Port Maitland to Argyle. He met his most fierce resistance in Lunenburg, the centre of the deep-sea fishery. In no way did the large fish dealers want to see the fishermen organized. Lunenburg would remain resistant to co-operative movement initiatives throughout Coady's regime.

After organizing the Blandford Peninsula, Coady left for Prince Edward Island, where not everyone was thrilled with his presence. C.P. McCarthy, president of the Fishermen's Union of PEI, Tignish Council, wrote to M.A. Nickerson, a veteran union organizer, on 27 May 1930:

Dr. Coady is on the Island now, and is coming to Tignish tomorrow night. If he has nothing more concrete to offer than his proposals outlined in the *Halifax Chronicle*, that is to say, the establishment of a sort of fraternal society for Maritime fishermen, then I don't think we shall bother sending delegates to the proposed convention at Halifax on June 25th.

McCarthy also told Nickerson that he was not really in favour of one Maritime federation: "Each Province has its own particular difficulties and problems to solve, and these problems are to be dealt with more promptly, intelligently and effectively—and certainly more sympathetically—by a Provincial executive than by an all-Maritime board." These thoughts did not bode well for provincial relations amongst Maritime fishermen.

Where did McCarthy get the idea that Coady was promoting mere fraternal societies? In an interview published in *The Charlottetown Guardian* on 22 May 1930, Coady outlined the structure of the proposed United Maritime Fishermen. The objects of the new association, were, fundamentally, to promote the "principles of co-operation in all industrial activities" and to "further the interests of the fishermen and fishworkers in all branches of the fishing industry." The proposed constitution, Coady said, did not outline any scheme of co-operative merchandising. But it would be "the work of the central board to set up the machinery for financial undertakings whenever a sufficient number of local organizations are ready for it.... The economic betterment of the small producer cannot be brought about in a day or a year, but must be a gradual process. The vital steps in that process are organization, education, and co-operative marketing." By the time of the con-

vention, McCarthy would take his delegates to Halifax, convinced that something new was emerging for Maritime fishermen, and would be elected first president of the new organization.

### ***The New Organization***

The United Maritime Fishermen held its first convention in the Masonic Hall in Halifax, 25 and 26 June 1930. This was a triumphant moment for Moses Michael Coady. The trying ten months were over, and this big, rough priest had demonstrated that he had the stamina and will to handle adversity, opposition, conflict, appalling travel conditions, and the loneliness of hotel rooms. He discovered that he could hold his own in the rough-and-tumble of the Maritime meeting hall, with its dubious traditions of disputation and heckling. Whatever doubts anyone may have had about Coady's abilities as an organizer were dispelled when he ascended the podium to address the two hundred delegates. "The introduction of the co-operative movement in the fishing industry is imperatively demanded by the best interests of our civilization,"<sup>9</sup> Coady thundered to his audience. Then he brought in the constitution he had prepared, and the organization was formed on motion from Norman Ferguson of Port Morien and H. Olsen from Northport. The eastern fishery was to be divided into twenty-two zones. Each would choose a director for the central board. Within the zone, each local federation was to consist of at least fifteen members. The delegates chose McCarthy as their first president, Robert Meagher of Canso as first vice-president. A meeting of the board of directors was held later, in August, when they selected Dr. Richard Hamer of Acadia University as its secretary, a decision that would turn out to be controversial.

New energy was flowing amongst the fishermen, and Moses Coady and his growing network of reformers were helping them find their voices. They were also going to teach them that they could not face the modern world as illiterate or semiliterate men and women with only profound bred-in-the-bone knowledge of their craft. Something new had appeared on the scene. Few had ever linked organization *and* education quite this way before, and few fishermen had ever experienced a prophet in their midst. Moses Coady had been offered the job of organizing the fishermen. He may have thought that his God was being quite tricky, offering him the prophetic mantle through a government bureaucracy.

Coady had emerged from his trial by fire ready to lead his people out of their own wilderness. He was a new and disturbing presence—a formidable foe for the vested interests of business, state, and church to reckon with. And it was only the beginning.

**Endnotes**

1. *Halifax Chronicle*, 5 December 1927.
2. In later writings, Coady tended to skirt over the extent of the conflict and bitterness in the fight for an Extension Department at St. Francis Xavier. He also downplays the extent of the resistance from Bishop Morrison and the “Old Rector,” Hugh MacPherson.
3. National Archives of Canada (NAC), RG 23, vol. 1331, 729-8-2 [1].
4. Whitman to Found, 4 March 1930. NAC, RG 23, vol. 1332, 729-9-8-2 [4].
5. *Ibid.*, Found to Whitman, 10 March 1930.
6. “Memorandum on Fishermen’s Cooperative Movement,” Ottawa, 28 August 1928. NAC, RG 23, vol. 1331, 729-8-2 [1].
7. The Department of Marine and Fisheries sent around a circular to twenty-eight stations of the Fishermen’s Federation of Nova Scotia. NAC, RG 23, vol. 1331, file 729-8-2 [2].
8. NAC, RG 23, vol. 1332, file 729-8-2 [4].
9. Alex Laidlaw, “The Organization of the United Maritime Fishermen: A Great Coady Saga,” in NAC, MG 31B, vol. 17, 1.

This paper also made use of the following reference material not specifically quoted in the text: “The Origin and Development of the United Maritime Fishermen,” a term paper written at St FX in 1945, in NAC, RG 23, vol. 1332, 729-8-2 [4].



*As we enter the 1980s, people feel cut loose from old moorings and set adrift on a sea of uncertainties. This is a time when the very pillars of civilization are shaking. Humanity will almost certainly not continue to travel in a straight line, merely extending the past still further, but will be seeking other pathways from which it can strike off in new directions. At such a crucial time as this, co-operatives must try to be islands of sanity in a world gone somewhat mad....*

*It is not too much to hope that Congress 1980 will be remembered as the harbinger of a new era for the global co-operative movement and a time when co-operators were hard at work helping to build a new kind of world and a social order based on justice for all human beings. The remaining years of the twentieth century will have great need of the moral precepts that are implied in the co-operative idea.*

A.F. Laidlaw, *Co-operatives in the Year 2000*,  
a paper prepared for the 27th Congress of the  
International Co-operative Alliance, Moscow, October 1980  
(Ottawa: Co-operative Union of Canada, 1980), 13.

## *Alexander Fraser Laidlaw*

### *The Leadership of a Flexible Mind*

*Ian MacPherson*  
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**F**or those who knew him well, he seemed unusually nervous at the podium and rather small in the large auditorium amid the theatre of international co-operative congresses. He spoke with determination and conviction, partly honed in some disputes with co-operators, notably from the host country, for the interpretations and findings in the report he was summarizing. He spoke, as he invariably did, in the quiet voice of the teacher, the mediator, and the public servant, not in the flamboyant phrases of the charismatic leader. His edges were smooth, his message conciliatory, his vision statesmanlike—in the public service tradition of what was one of the best qualities of his generation of Canadians.

Alexander Fraser Laidlaw was at the defining moment of his career, delivering his report on co-operatives in the year 2000 to the Moscow Congress of the International Co-operative Alliance. The date was 17 October 1980. It was a long way from Port Hood, Nova Scotia, where he had been born and where he had grown up.

How had he made that trip? What had he learned along the way? What was it that made him one of the major international co-operative leaders of his time? Why is it that the report that was the subject of his speech in Moscow is one of the most important co-operative documents of the twentieth century? What does his career suggest about the nature of co-operative leadership?

Some of the answers to these questions can be found in the report itself. It was a brief document that reached for an international perspective, never as easy as it sounds. In an understated and abbreviated way, it repre-

sented a lifetime of work, both in the co-operative appointments he held and in the various fields of endeavour in which he worked. It echoed what he had learned during the 1940s and 1950s while he was with the Extension Department of St. Francis Xavier University. It reflected more than thirty years in the often bruising world of national co-operative circles in Canada. It drew upon his work in countries outside Canada, notably India and Ceylon, as Sri Lanka was called when he worked there. It was influenced by the years he had spent as a public servant in Ottawa. It demonstrated an understanding of the complexity of co-operative/government relationships, an understanding derived from years of work on both sides of that relationship.

The report's central approach was to try to understand the movement in both global and inter-sectoral terms, an approach that, despite rhetoric to the contrary, has been rare within co-operative circles for most of the movement's history. It tried to come to terms with the diversity of co-operative practice and problems around the world. Above all, it called for co-operative responses to some of what would most likely be pressing world needs in the future. They were: feeding a hungry world; creating more co-operatives for productive labour; developing co-operatives for a consumer society; and building co-operative communities. He might have chosen other priorities, concentrating perhaps more upon the internal problems of co-operatives, almost certainly what most co-operative leaders of the time would have done. That he did not was almost inevitable, given his training and experiences.

### ***Early Influences***

Some of the underlying background to Laidlaw's report stretched back to his formative years in Port Hood, the small community in Inverness County, Nova Scotia, where he had been born and grown up. Port Hood is on the northern arm of St. George's Bay, the body of water that separates western Cape Breton from the remainder of North America. The community was noted for its fine, if declining, harbour from which generations of fishing people had gone to sea. It was also a gathering spot for fishers fleeing the storms of the region or seeking a place to rest; at times more than a hundred ships could be found safely anchored in its waters.<sup>1</sup> While Laidlaw was young, Port Hood was in decline: the Age of Steam had passed it by and even its harbour was deteriorating as its northern headland was eroded by tides and storms. Nevertheless, despite the resultant problems and those emanating from the depressions of the 1920s and 1930s, it was a well-established, supportive, and integrated community. It did have its social, cultural, and class differences but it was essentially a Scots and Irish community closely knit around church, school, and communal rituals. It was what he would call in his Moscow report, a "living community."<sup>2</sup>

It is tempting to romanticize Port Hood and Alex did this on occasion,

as most people do as they grow older and reflect on the communities of their childhood. He was also somewhat susceptible to another kind of romanticism—that associated with Nova Scotian culture and particularly its Scottish dimensions—the romanticism so evident in the region during the 1930s and 1940s. Like most people of his time, he could and did ascribe particular attributes to the Scottish “race.” He loved the Celtic folk culture of eastern Nova Scotia; he knew its poetry and, with minimal pressuring, would sing its songs.

Laidlaw’s understanding of how vital communities nourish healthy lives, partly based upon his days in Port Hood, meant that he was generally appalled by the kind of social anomie he saw in the typical emerging industrial city of North America—the conditions of urban ghettos, social dislocation, and disrupted families that created what he called in Moscow a “sea of loneliness and alienation.”<sup>3</sup> He saw co-operatives as potential healers of such communities. Similarly, when he articulated a vision of community for the co-operative housing movement in Canada from the 1970s onward, he unconsciously projected into his vision of urban neighbourhoods a sense of the interconnected and caring society that could be found in the Nova Scotian community in which he had grown up.

His educational experiences also profoundly shaped his views as a co-operator. Educated at the Port Hood Academy, one of Nova Scotia’s finest schools, he went, like so many of the most capable Roman Catholic adolescents of his generation in Cape Breton, to St. Francis Xavier University in Antigonish, Nova Scotia. There he earned his Bachelor of Arts, majoring in English, in 1929. Three years later, he received his MA from the same university, concentrating upon English literature and Canadian history. In the meantime he had started to teach, beginning his career, remarkably enough, as a principal—in the Port Hood High School—a position he would hold from 1929 to 1940. Between 1933 and 1935, he attended the University of Toronto on a part-time basis, ultimately earning his bachelor’s degree in Paedogogy. During the later years of the decade, he also became active in the Nova Scotia Teacher’s Union, serving as its president from 1938 to 1940.

In the latter year, he was appointed a school inspector for Antigonish County. Two years later, he joined the provincial Department of Education, serving, at various times, as the department’s secretary, director of visual education, editor of *The Journal of Education*, and director of research. He left Halifax and the department in 1944 to join the Extension Department of St. Francis Xavier University as associate director, a position he would hold for twelve years.

His fifteen years experience in classrooms and with teachers influenced his later work and thought in many ways. He would always have about him the air of the “dominie,” the teacher in Scottish communities. He possessed a kind of reserve and solemnity—what in Latin is called *gravitas*. He had the teacher’s air of authority and apparent detachment. He typically tried to

consider all sides of an issue, and he usually made judgements slowly. His reserved manner could make him appear somewhat aloof, a misleading impression given the kinds of commitment he harboured, but it was a useful countenance amid the co-operative debates in which he was often involved.

How he worked as a teacher was also important. His first publications on education were concerned with how the curriculum could be made more “democratic”—how it could become more comprehensive and elective, how it could be more fully used by more kinds of young people.<sup>4</sup> Early in his career he became an advocate of group learning and modern teaching methods—which then meant, in part, using visual aids. He studied closely the works of John Dewey, the foremost American advocate of “progressive education,” and he always retained an optimistic belief in the latent potential of human beings, arguably Dewey’s key insight. When he went to Antigonish in 1944, and when he later worked on his PhD thesis in the 1950s (it was an examination of the role of the Extension Department),<sup>5</sup> he would be introduced to a similar stream of thought within adult education circles.<sup>6</sup> That outlook would become, as it had been and was for many in one of the most powerful co-operative traditions going back to Robert Owen, the dominant element in his co-operative philosophy.

Laidlaw later could not recall any significant involvement in co-operative discussions or activities while he attended St. Francis Xavier as an undergraduate. He was introduced to co-operatives after he began teaching in Port Hood by Alex S. McIntyre, one of St. FX’s most prominent fieldworkers. He participated in the formation of a consumer co-operative and a credit union in Port Hood; he also met individuals involved with co-operatives when he was taking part in the development of the Nova Scotia teachers’ union. He would not really become involved, however, until he and his family moved to Antigonish in 1944.

Laidlaw admired most, if not all, of the people associated with the Extension Department. The thought of Moses Coady, director of the department from 1930 to 1950, was a touchstone for his entire co-operative career. He constantly returned to Coady’s ideas throughout all his co-operative endeavours.<sup>7</sup> He admired the spunk and commitment of Jimmy Tompkins, the leadership of Angus MacDonald, the effectiveness of Kay Desjardins and Ellen Arseneault, and the dedication of Alex McIntyre.

### ***The Antigonish Years***

The time Laidlaw spent as associate director was a period of mixed success for the department. On the one hand, partly because of the support of the Roman Catholic Church and the remarkable stature of Moses Coady, the department enjoyed a growing reputation both nationally and internationally. Articles and books about its work were published, notably by George

Boyle and Marquis Childs. Politicians, journalists, and charitable foundations started to pay attention to it. Networks active within the Roman Catholic Church publicized its activities throughout much of the world. Students from Asia, Africa, and Latin America became commonplace on the Antigonish campus.

On the other hand, the department's programmes within Atlantic Canada began to decline. The kitchen meetings popular in the 1930s and 1940s lost out to new entertainments made accessible by better roads and more automobiles. The challenges of building an extensive, integrated movement in Atlantic Canada became more intimidating, even impossible, amid the factionalism and institutional rivalries of the region. Relationships with the provincial Ministry of Agriculture, an important, silent ally of the department in its early years, began to deteriorate. The university, intensifying its efforts to become like other universities, became more concerned with accumulating resources for science laboratories and embarking on a major building programme than with boosting the Antigonish Movement. In the process, the department tended to lose some of its prominence in the university's administrative and political life. Towards the end of his days there, Laidlaw had a disagreement with Bishop John R. MacDonald, a political conservative, over the role of the state: Laidlaw was a staunch defender of public broadcasting, the bishop was not. It somewhat clouded his last days as associate director with the Department.

### ***The Importance of Co-operative Education***

And yet, the years at Antigonish are central to any understanding of Laidlaw's work. It was there that he learned about the importance and nature of adult education. He became an advocate of the centrality of education to co-operative endeavour. His view of adult education, though, like Coady's, emanated from his involvement in the co-operative movement; it was through that involvement that he learned, to quote John Stuart Mill (as he often did, including at Moscow): "Education is desirable for all mankind; it is life's necessity for co-operators."<sup>8</sup>

Laidlaw's approach to education must be situated within the conventional notions of the educational process of his time. He thought co-operative education should include an understanding of the principles, values, and thought of the co-operative movement, but it should also include an analysis of contemporary economic and social trends. That meant he approached education as something of a "believer" criticizing society, thereby distancing himself somewhat from the norms of the academic enthusiasms of his times—especially those discourses that sought the illusion of neutral vantage points. He was further alienated because he believed that co-operative education should mix the academy and the workplace; that it should

be as much practical as it was theoretical. That too was not an easy position to hold in the universities of his day—or later. At the same time, his emphasis on situating co-operatives within the broad needs of his times separated him from many of the leaders of the movement, most of whom were primarily concerned with the operations of co-operative business. His approach to co-operative education did not elicit an automatically positive response from any of the interests with which he was involved. It was not an easy part of his work.

### ***The National Co-operative Movement***

Another part of Laidlaw's understanding of the possibilities of co-operatives was shaped by his involvement in the national co-operative movement in English Canada, starting in 1950 when he became a director of the Co-operative Life Insurance Company. The late 1940s and early 1950s were a heady period in Canadian co-operative history, arguably the movement's most creative years. Clusters of co-op leaders in all the English-speaking regions envisioned the development of a truly national movement, centred around the creation of regional insurance companies and national credit union organizations. There was talk of forming a co-operative college. There was some willingness to make the Co-operative Union of Canada a genuinely powerful organization. There were improving relations with the movement among Francophones in Québec and elsewhere in Canada. For some Canadian co-operators, the dreams were truly big; perhaps, a realist might observe, they were impossible.

Laidlaw played an increasing role within the growing English-Canadian movement. His principal work as a volunteer was in the insurance sector, particularly in Co-operative Life and Co-op Fire and Casualty. These two companies were formed by co-operative leaders from western and Atlantic Canada. They were not developed easily. In addition to the obvious problem of distance, they brought together two groups of people with strong regional loyalties, limited experience, and strong views. The development of the two companies, therefore, was often disturbed by personality differences, financial complications, and business problems. Ultimately, they succeeded only because of the dedication of a handful of leaders, of whom he was one.

The insurance companies also raised the issue of Canadian nationalism in a particularly vigorous manner. The rapidly growing credit union sector within the general co-operative movement had emerged with strong ties to the CUNA Mutual Insurance Company, the loan and deposit insurance company owned by the American credit union movement. Since that kind of insurance was particularly profitable, many of the leaders of the Canadian movement, including Laidlaw, wanted the Canadian insurance companies to enter into the same kind of business: it would provide needed income for

the insurance companies and it would make funds available for investment in Canadian co-operative organizations. Naturally enough, American and a minority of Canadian leaders were not moved by the same feelings. The result was a bitter division that would bedevil the Canadian movement for more than twenty years.

While never hiding his Canadian nationalism, Laidlaw sought to be a pacifier within this deeply divisive debate. He learned to concentrate on those issues that could be resolved, to avoid emotional appeals, and to seek compromises. He left to other leaders of his time—Ralph Staples, Lewie Lloyd, Rod Glen—the passionate articulation of co-operative purpose and the denunciations of those with whom they did not agree. His style became firm but quiet, conciliatory but consistent. Like many other effective co-operative leaders of a particular type, he understood that the major victories are won through small steps taken consecutively, rarely through big battles won gloriously.

### ***The Co-operative Union of Canada***

That style would hold him in good stead during the ten years (1958–68) that he served as general secretary of the Co-operative Union of Canada (CUC). Overall, they were productive but not particularly easy years. The CUC was never strongly supported by the co-operatives of English Canada unless there was a taxation or legislative issue of considerable significance. There had been a burst of enthusiasm for the national organization and for the development of a strong movement after World War II and that had carried over into the efforts to create a national financial system in the early 1950s. Local, provincial, and regional interests, however, had mitigated against both these initiatives and the implementation of a strong national vision, meaning that the CUC had constantly to justify its existence and to find small ways to build its programmes. It had a grandiloquently visionary leader in its president, Ralph Staples, but the reality was that its role was modest, its impact limited.

Laidlaw's lasting contributions while he was general secretary were five-fold. First, he was largely responsible for soliciting much of the support the organization enjoyed from the sector—a tireless diplomat in gathering whatever was available from the sector for national initiatives. Second, along with Ralph Staples, he played a key role in the development in 1962 of “Co-operatives Everywhere,” a fund for the development of co-operatives in various parts of Canada and overseas. This fund, while never widely supported by the sector and ultimately restricted by it, nevertheless contributed significantly to the development of co-operatives among Inuit people in the Arctic and in the beginnings of involvement with co-operatives overseas, initially in the West Indies. Third, he tried valiantly with “Labour” Jim MacDonald to forge closer alliances with the trade union movement, an effort that had

limited success because of some deeply divisive strikes within the consumer and grain marketing movements. Fourth, he played a role, along with Ralph Staples and Rod Glen, in promoting direct-charge, or service-fee co-operatives; they had some success in British Columbia, but it was in Atlantic Canada that they would find their most receptive home. Fifth, he encouraged research on co-operatives, notably by facilitating the appointment of George Davidovic as research director in 1962.<sup>9</sup>

In all of these activities and, even more importantly, in his daily work at the CUC, Laidlaw worked realistically and effectively to build a national movement. In the process, he constantly demonstrated the pragmatism and flexibility his work required. As he revealed in some reflections on his years with the CUC, he had no illusions about what was possible, but he never lost faith in what could be achieved.

To be successful and gain support every co-operative organization must first have a clear-cut purpose. In the case of the Co-operative Union of Canada the purpose lies largely in the fact that Canada does not have a co-operative movement in the sense of a homogeneous and systematic development. Instead, it has a disjointed mixture of co-operatives of various kinds, and these need some sort of rallying-point where the diverse elements can meet, exchange views and at least present the illusion of unity and agreement on principles.<sup>10</sup>

In the last few years of his time with the CUC, Laidlaw supported, often quietly, a growing group of “maverick” co-ops, initially within the consumer movement. He saw in them a movement that could “show up the deficiencies and shortcomings of the established co-ops that have ‘made it’ and now build up a protective fence to protect a cozy existence.”<sup>11</sup> His understanding of the ferment among young people was increased between 1969 and 1971, when he returned to teach at St. Francis Xavier University. It would be further increased when he joined the Central Mortgage and Housing Corporation (CMHC) as a senior advisor for co-operative housing, a position he held from 1971 to 1974. In fact, as he grew older, his associations with young people—such as Bonnie Rose, Alexandra Wilson, Mark Goldblatt, and Shirley Schmid—were especially important and satisfying to him.

### ***Central Mortgage and Housing Corporation***

Laidlaw’s years at CMHC were particularly rewarding. He had first become aware of the possibilities of co-op housing in Nova Scotia, while he worked with the Extension Department, and had subsequently visited some of the largest and most successful housing co-operatives in Europe and the United States. He was especially attracted to the capacity of co-operative housing to build communities and to lessen the amount of lifetime income individuals and fam-

ilies would have to pay for housing. He was one of the architects, arguably the most important of them, who designed the national co-operative housing programme of the early 1970s. It was a programme that envisioned creating new communities, particularly in the larger cities; that sought to bring together people of different incomes, training, and outlooks; that encouraged people to take pride in where and how they lived. It was a programme that always could be improved, but before it was dismantled by unfriendly governments, a less-than-vigilant CMHC, and a virulent campaign by the media in the 1980s, it provided excellent service to many Canadians at a reasonable price. In fact, those housing co-operatives that survive still provide that kind of service.

### ***The International Movement***

The last great reservoir of experience from which Laidlaw drew his understanding of co-operativism and co-operative organization was the international movement. His involvement outside of Canada began in 1949, when he presented a paper at a Food and Agricultural Organization conference in Costa Rica. He travelled frequently to co-operative conferences in other lands over the succeeding thirty years, becoming the best-known Canadian co-operator active in the international movement. While he was with the CUC, he participated in the Canadian movement's first co-operative development ventures overseas, undertaking two major assignments outside the country. The first was in India in 1956-58, during which he also spent a few months in Australia teaching about fisheries co-operatives. In India, through a Colombo Plan assignment, he prepared a report on training programmes for individuals working in agricultural and credit co-operatives. His second major assignment was in 1966-68, when he chaired a royal commission in Ceylon examining that country's co-operative movement. In addition, he attended numerous conferences and special meetings of the International Co-operative Alliance, the Food and Agricultural Organization, and the International Labour Office. During these meetings he became increasingly knowledgeable about producer co-operatives, especially those among fishers, farmers, and workers. This experience broadened his understanding significantly beyond the insights he had gained through his work in the Canadian movement.

During his last seven years of active involvement in the co-operative movement—from 1974 until his death in 1980—Laidlaw served as a special advisor (Co-operatives and Rural Development) to the Canadian International Development Agency (CIDA). This position enabled him to bring the possibilities of co-operative development to the Canadian officials responsible for Canada's programme in foreign aid, as it was then often called. Partly because of his work, CIDA became a strong supporter of co-operative development overseas, usually through projects administered by CUC and the Mouvement Desjardins.

Perhaps the main lesson he drew from his international work was an appreciation of the diversity and subtleties of the global movement. It reinforced his commitments to all kinds of co-operatives and made him impatient with Canadian co-operators who valued highly only their own organizations or kind of co-operative. It deepened his understanding of fundamental problems concerning food, work, and community around the world and, though not so obviously, in Canada as well. When he sat down to write the report for the Moscow Congress, it was after seven years of involvement in international co-operative issues. It was, at first glance, a long way from Port Hood, but in another way, it was not: the difficulties and dilemmas confronting that small fishing community in Nova Scotia were not unlike those he had seen in fishing communities in Indonesia, Thailand, and Malaysia (as it was then called) during a tour in 1977. The essential problems were always the same, differing only in degree, and they were associated with the fair distribution of the basics of life: food, shelter, work, income, and community goods.

As his understanding of the nature of the co-operative movement grew, Laidlaw became an advocate, at least for public consumption, of the “Co-operative Sector School.”<sup>12</sup> He drew largely upon the work of Georges Fauguet of the Co-operatives Branch of the International Labour Office in Europe in developing his understanding of this theory.<sup>13</sup> Perhaps somewhat questionably, Laidlaw came to place the thought of Moses Coady within the same context. He described the school in the following way during an address at the Coady Institute in 1961:

This is the school that struggles to maintain a difficult duality of efficient business linked to a reforming spirit. It tries to keep its feet firmly on the ground of reality in business but with its eyes towards the stars of a better social order through the self-reliance of cooperating human beings. In general, the followers of this school support the principle of the mixed economy, believing that the good society can be built only on a rational mixture of public enterprise, cooperative enterprise and private-profit business.<sup>14</sup>

### ***Co-operatives: The Third Sector***

Laidlaw’s support for co-operatives as forming a distinct sector—often referred to as a “third” sector in his writings—led him to argue for a relatively clear line between co-operative and state activities. He thought the state should organize a broad educational programme to support co-operative development; that it should foster a supportive environment; that it should pass appropriate legislation; that it should provide limited supervisory services; that it could contribute, rarely and judiciously, some financial assistance; and that it should finance some good research and statistical activities.

He therefore looked with considerable concern at the powerful hand of the state he saw in action in some developing countries, notably India and Ceylon/Sri Lanka. His reports on the co-operative activities in both these countries vigorously questioned the domineering roles of state officials, as they did, but with less background information, the role of the state in co-operative affairs within African countries.

At the same time, Laidlaw was equally convinced of the importance of separating co-operatives from the private sector: that was the other side of the sector approach. While acknowledging that capitalist firms had done much to improve quality of life, particularly in the northern part of the world, he was a consistent critic of its abuses and shortcomings. He believed that capitalism would be destroyed ultimately by the greed of its chief benefactors, and that in the meantime its inequitable distributions of goods and slavish devotion to narrow economic principles impoverished too many people culturally and socially as well as economically.

He stubbornly refused to acknowledge that co-operatives were just another part of the private sector. He thought it was essential for co-operators to insist that their organizations were fundamentally different from capitalist firms; that they demonstrate that difference whenever and wherever possible; and that they not be ashamed of the difference. Because he saw so many co-operative leaders and organizations in Canada and western Europe not articulating the differences frequently and forcefully enough, he could be scathingly critical of them in his writings and especially in private discussions. The co-operative sector was a separate form of organization, not a pale imitation of the private sector or a handmaiden of the public sector.

His understanding of the co-operative sector was broad and inclusive.<sup>15</sup> Partly because of his associations with younger people in the 1970s, and partly because of what he saw overseas, he challenged the Canadian and other movements to be more open to women, youth, and labour. That he particularly mentions the inadequate treatment of these three segments of the population in his Moscow report follows naturally from many of his own reflections and activities during the previous decade.

### ***An Acknowledged Leader***

Finally, Laidlaw was asked to prepare the report for Moscow because he was an acknowledged leader. While it may seem strange that a person in an essentially populist movement might focus on the requirements of leadership, he did actually pay considerable attention to it. He believed that good co-operatives depended largely upon good leaders, who could function effectively within co-operative structures without perverting them. He believed in the necessity of three kinds of leaders: those who led the members, those who led the business operations, and those who educated the membership.

Any organization without all three kinds of leaders would be deficient. The membership leaders generally start movements and carry on to represent the interests of membership. The management leaders are the men and women possessing the technical know-how to conduct the daily affairs of the co-operative. The educational leaders are engaged in the promotional development of the movement. If any of these groupings of leaders are not given appropriate scope in a given co-operative organization, then it will be in difficulty, if not immediately, then in the long run.<sup>16</sup>

It is not clear where Alex Laidlaw would place himself among these three kinds of leaders, but one suspects that it would be with the teachers, regardless of how long he wore the administrator's clothes. There are certain virtues of the dominie's calling that lend themselves to co-operative leadership; they are evident throughout his career and generally they helped him. They include a willingness to listen, to hear different voices, to respect opinions while struggling towards consistency and agreement. But the dominie's calling can also have liabilities: it can emphasize process too much, wait too long to make decisions, take too much care in trying to understand different views, and be too generous to those who do not share its goals. Moreover, the dominie's style did not fit easily into the management theories of the day, or immediately impress all of the top managers of the co-operative organizations with which he worked. In balance, though, its positive dimensions outweighed its negative features.

In the final analysis, however, the distinctive quality of Alexander Laidlaw's leadership ability was his flexibility. He learned much from each stage of his career; he drew upon all his experiences from Port Hood to Ottawa to Bombay to Colombo to London. Echoes of his life's works can be found throughout the pages of the report, though not always obviously.

Flexibility, however, did not grow out of a willingness to abandon principle or lose direction. It grew out of an understanding that much co-operative work required long hours of meetings, reaching often unsightly compromises and, too frequently, experiencing a little rancour. It grew out of an appreciation that life, as the bishop said during his graduation ceremony for his BA degree, "is ninety percent prose and only ten percent poetry."<sup>17</sup> They were words he frequently recalled in later years as he thought about his work within co-operatives.

Laidlaw understood how difficult it was to reach clarity and perfection within co-operative circles, how convoluted and invariably compromised was the co-operative quest, how slowly meaningful progress within co-operatives could be achieved. He understood how complicated were the challenges co-operators regularly faced, and how deep were the movement's usually tranquil waters. Or, to let him make much the same point in a rather characteristically understated and indirect way:

The fact is that the Rochdale Principles, though important, are but a tiny segment of co-operative education—they can be learned in a single evening, but the full meaning of co-operation and all its facets can hardly be mastered in a lifetime.

It took a flexible mind and a lifetime of co-operative activity to understand that dimension of co-operativism as fully as he did. It was largely that flexibility that explains the many things he accomplished in so many different spheres. In the end, it is the best explanation of why he was at Moscow in October 1980, and why he delivered the kind of report he did.

### **Endnotes**

1. D.S. McIntosh, "Port Hood Harbour: Its Past, Present and Probable Future," *Transactions of the Nova Scotian Institute of Science, 1919–1920*, 1–12.
2. Alexander F. Laidlaw, *Co-operatives in the Year 2000* (Geneva: International Co-operative Alliance, 1987), 65.
3. Ibid.
4. "A Democratic School Curriculum," *Xaviarian*, the student publication at St. Francis Xavier University, 1930.
5. His thesis was later published as *Campus and Community: The Global Impact of the Antigonish Movement* (Montréal: Harvest House Ltd., 1961).
6. For a fuller discussion of this issue see Ron Faris, *The Passionate Educators: Voluntary Associations and the Struggle for Control of Adult Educational Broadcasting in Canada, 1919–52* (Toronto: P. Martin, 1975).
7. His most complete discussion of Coady's work is *The Man from Margaree* (Toronto: McClelland and Stewart, 1971).
8. *Co-operatives in the Year 2000*, 49.
9. See Ian MacPherson, *Building and Protecting the Co-operative Movement: A Brief History of the Co-operative Union of Canada, 1900–1984* (Ottawa: Co-operative Union of Canada, 1984), 148–97.
10. A.F. Laidlaw, "A Decade with the CUC, 1958–1968," *Canadian Co-operative Digest*, spring 1969, 14.
11. "The Maverick Co-ops," *Maritime Co-operator*, January 1975, 5.
12. "Extension Work in the Co-operative Movement," (Bombay: Reserve Bank of India, 1958), 20–21 (available in the Alexander Fraser Laidlaw Papers, hereafter AFL), National Archives of Canada (NAC), vol. 8, file 8–13.
13. His best summary of his interpretation of this approach was given in a presentation to the Graduate Institute of Cooperative Leadership at the University of Missouri, 22 July 1974. Copy in author's possession.
14. "Are Co-ops for the Poor?" Address to the Coady International Institute, 7 February 1961, 4. Paper in author's possession.
15. In a long conversation during the late 1970s, the author tried to press him on where the sector's limits would naturally be found. By the end, he allowed that the army would always be a state function, as would roads; he never did specify

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where the private sector would have its natural monopoly in his view—he was reluctant to give up any possibilities for the “sector.” One suspects that his advocacy of the sector approach was a result of practical considerations, not a reflection of real belief.

16. “Education and Extension Work in the Co-operative Movement: A Guide for Fieldmen and Extension Workers,” prepared for Food and Agriculture Organization, 1960, pp. 46–50. (NAC, AFL, vol. 8, file 8–29).
17. For example, see “Address to Co-operative Insurance Services,” NAC, AFL, vol. 8, file 8–69, p. 1.
18. “Thoughts on Co-operative Education,” 3 August 1972, 10. Paper in author’s possession.



*Onward all ye brothers  
Marching toward the goal  
When Co-operation  
Enters every soul.  
Competition never can  
'Gainst this force withstand  
We are pressing forward  
To the Brotherhood of Man.  
Onward then ye people  
Join our happy throngs  
Help Co-operation  
Right the many wrongs.*

Mrs. R. McDonald, (to the tune of “Onward Christian Soldiers”)  
*The Canadian Co-operator*, July 1938, 28.

## ***Canadian Co-operatives and the International Co-operative Alliance***

*Bruce Thordarson  
Director-General  
International Co-operative Alliance*

**O**ne of the many distinguishing features of the co-operative sector in Canada has been its active involvement on the international scene. Much of its work has been carried out through bilateral activities, but much has also been done on a multilateral basis through the International Co-operative Alliance (ICA). In the best traditions of Canada's middle-power diplomacy, the Canadian role in the ICA has been significant, far outweighing the actual size of its co-operative movement.

### ***Membership and Participation***

Canada's involvement in the ICA started slowly, in keeping with the gradual development of the national movement during the first half of the century. The Co-operative Union of Canada (CUC), founded in 1909, became a full member of the ICA in 1921. At that time both the CUC, and even more so the ICA, were heavily influenced by consumer co-operatives. Following the amalgamation of the CUC and the Co-operative College of Canada in 1986, the Canadian Co-operative Association (CCA) took over the CUC's membership in the ICA.

The French-speaking co-operative movement in Canada organized the Conseil canadien de la coopération (CCC), consisting of provincial unions, in 1946, and joined the ICA in 1957. However, ICA records show that, as early as 1907, Alphonse Desjardins was an individual member of the ICA (a category of membership that was soon abolished as the ICA grew to become a

representative of national co-operative movements). Mr. Desjardins's personal membership is entirely fitting when one remembers that it was through correspondence with ICA leaders and members of European co-operatives at the end of the nineteenth century that he refined his vision of the *caisse populaire*.

Canadian participation in the work of the ICA, which was conducted mainly through its regular congress and central committee meetings, was limited at the outset, in large part no doubt due to the fact that all ICA meetings were held in Europe. The first record of a Canadian being elected to the central committee (in reality, this was an appointment by the member organization, subsequently ratified by congress) is found in 1946, when CUC secretary A.B. MacDonald participated in the Zurich Congress. He subsequently participated in the 1948 and 1951 congresses as well. The baton then passed to Breen Melvin, who, representing the insurance sector on the CUC board, attended the ICA congresses in 1954 and 1957. He was replaced in 1960 by Alex Laidlaw and Ralph Staples, again representing the CUC on the central committee.

Martin Légère, the long-serving president of the CCC, joined his two Anglophone colleagues at the ICA congresses in 1963 and 1966. In those days, the central committee numbered less than one hundred people, which gave the Canadians an opportunity to be seen and heard, especially as the focus of ICA work was shifting towards the developing world.

Nineteen seventy-two saw the first participation of Yvon Daneau, a senior manager in the Desjardins Confederation. Four years later, at the Paris Congress, he was elected to the fifteen-member executive committee, the first time a Canadian had joined this select group of ICA decision makers. That same year, 1976, also brought for the first time the participation of a woman on the Canadian delegation, as Peggy Prowse of Co-op Atlantic joined her male colleagues on the central committee.

### ***Reports and Contributions***

During the 1980s there was a sharp increase in Canadian involvement. At the Moscow Congress in 1980, Canada sent for the first time its full complement of ten central committee representatives, including some thirty observers. Much of this interest was stimulated by Alex Laidlaw's *Co-operatives in the Year 2000*, a report commissioned by the ICA for presentation to the congress. As is shown elsewhere in this volume, many of Laidlaw's conclusions and recommendations remain highly relevant on the eve of the twenty-first century. Canadian participation also contrasted sharply with that of the United States, which sent only one representative to Moscow in protest over the Soviet Union's invasion of Afghanistan the year before.

Similarly, in 1984, Canadian interest was highlighted by the presentation

of the Daneau Report to the Hamburg Congress. As a member of the executive committee, and with a close working relationship with ICA President Roger Kerinec of France, Daneau was asked to trouble-shoot during the ICA's internal turmoil of the early 1980s. His first assignment occurred when the executive committee found it difficult in 1981 to reach unanimity on the appointment of a new director to replace the retiring Suren Saxena, and Daneau was asked to conduct a brief inquiry to determine "what kind of director, for what kind of ICA" had to be found. During the course of his work, the potential candidature of André Saenger of Switzerland became known. Dr. Saenger was appointed director in 1981, and the following year led the transfer of the ICA Head Office from London to Geneva.

The ICA's internal troubles culminated at the central committee meeting in Prague in 1983. First, prior to the meeting, the executive committee requested the resignation of Dr. Saenger, leaving the Secretariat to conduct the meeting without a director. Second, the executive committee's request for an increase to the subscription formula was opposed by many delegations (including the Canadian) in the absence of any coherent work programme and budgetary control.

This led to Daneau's second assignment on behalf of the executive committee—to define the general lines of a work programme for the ICA and the methods for its implementation. Drawing on his extensive discussions with member organizations during the last few years, he produced a report that outlined the different options available, and their budget implications, in order to give the membership a clearer idea of the issues involved. The Daneau Report provided useful background material for the new ICA director, Robert Beasley, who was appointed at the Hamburg Congress. Daneau's election in Hamburg as ICA vice-president was a recognition of the important leadership role he had come to play within the organization. There was even speculation at that time that he might be elected president, an idea that disappeared only when the European consumer co-operatives placed their support behind Lars Marcus of Sweden.

Canada's third major contribution to the ICA's work was provided by Dr. Ian MacPherson. As the first chairman of the new Canadian Co-operative Association, he was elected to the executive committee in 1988, after Yvon Daneau suffered a heart attack and was forced to retire from all professional activities. MacPherson's election came as the ICA was entering into a major review of the co-operative principles; President Lars Marcus introduced the subject at the 1988 congress in Stockholm, and set the stage for a much more theoretical report, which was presented to the 1992 Tokyo Congress by Sven-Åke Bööck of Sweden. Following the Bööck Report, the ICA board (which replaced the executive committee after the 1992 rules changes) asked MacPherson to lead the next phase of the review. After extensive consultation in all regions, and with the assistance of a hand-picked advisory committee, the ICA's

Statement on the Co-operative Identity was approved by the board and subsequently by the ICA's Centennial Congress in Manchester in 1995. New features included a succinct definition of a co-operative, a reference to co-operative values, a greater emphasis on membership throughout the principles, and the introduction of two new principles—including one on "Concern for Community," which MacPherson fought hard to introduce in spite of opposition from some quarters.

The Manchester Congress also featured the election of Claude Béland, president of the Desjardins Movement, to the ICA board. As Mr. Béland was also chairman of the International Co-operative Banking Association, one of the ICA's specialized organizations, he helped the board in its efforts to strengthen its linkages with the important sectoral bodies within the ICA's structure. This election also highlighted an important unwritten rule in Canada's relations with the ICA—the agreement that Canadian representation on the board would alternate on a regular basis between Anglophone and Francophone representatives.

The introduction of the ICA's regional structure following the 1992 congress has provided another opportunity for Canadian involvement in ICA decision making.

Canada is a member of the ICA–Americas regional consultative committee, where CCA President Bill Turner is playing a much-appreciated role in helping the ICA develop a work programme for the entire Americas region.

### ***The Wheat Pools and the ICA***

One of Canada's most important contributions to the ICA was to help bring legitimacy to agricultural co-operatives. The ICA had been founded primarily by the strong consumer co-operatives in western Europe, and from the outset there were important ideological differences between them and the rural-based agricultural and credit movements. Agricultural co-operatives affiliated to the Raiffeisen Movement withdrew from the ICA in the first decade of the twentieth century over a dispute concerning the role of government support to co-operatives. A feeling subsequently developed within ICA leadership circles that only those co-operatives based on the Rochdale (as then understood, consumer) principles were true co-operatives.

It was against this background that the ICA's general secretary, Henry May, participated in the Third International Conference of the Wheat Pools in Regina 5–7 June 1928. This was, as May informed the conference, the first time the ICA had ever participated in a conference of co-operators outside the European continent, and the first time it had sent a delegate to participate in a meeting dealing with production issues. May could not fail but be impressed by the accomplishments of the pools' central selling agency, the Canadian Co-operative Wheat Producers Ltd., which had become the largest

co-operative marketing enterprise in the world. He invited them to present a report on their activities to the next ICA congress, a task subsequently carried out by their statistician, Andrew Cairns.

On the basis of May's positive report, and the details provided by Mr. Cairns, the ICA's 1930 congress in Vienna concluded:

The experiences of the General Secretary in Canada confirm anew the urgent necessity of establishing closer relations between the organizations of consumers and those of agricultural producers ... The 'Pools' in Canada play an important part in Canadian agriculture, whose products have a decisive influence on the world market. Unfortunately, distribution is under the sway of markets organized by private capital, so that the values created by the investment of agriculture labour undergo depreciation through the unscrupulous manipulation of the Stock Exchange. In order to remedy this evil, concerted action by the world Co-operative Movement is necessary, in order that agricultural production may be saved from world speculation, and that the necessary world trade in wheat may, with the aid of the world organization of consumers, be placed on a co-operative basis.

The subsequent transformation of the ICA away from a consumer co-operative organization into a representative of all sectors received an important impetus as a result of the ICA's exposure to the wheat pools. (Unfortunately, however, it was not until 1997 that an ICA president was elected from the agricultural sector.) The attention placed on agricultural co-operatives also contributed to the ICA's decision to review and formalize the co-operative principles. The result was the 1937 Statement of Co-operative Principles, which removed several of the Rochdale Principles that were of relevance only to consumer co-operatives.

### ***Development Assistance***

Little known within ICA circles is the fact that the world organization's first development assistance grant was made to the Co-operative Union of Canada. During his 1928 visit to Canada, Henry May also met with representatives of consumer co-operatives and participated in the CUC congress in Lloydminster. CUC was, at that time, primarily an organization of consumer co-operatives, much like the ICA. As Ian MacPherson has demonstrated elsewhere in this volume, the consumer co-operatives traditionally provided much of the ideological leadership for the Canadian movement; and its general secretary, George Keen, while showing tolerance and even sympathy for other kinds of co-operatives, always had his heart with the consumer movement.

Keen and his enthusiastic efforts obviously struck a sympathetic note with Henry May, who subsequently recommended that the ICA should pro-

vide the CUC with a subsidy in view of the “very difficult circumstances under which the Co-operative Union of Canada works, and of the numerical feebleness of its societies.” The central committee approved £500 from ICA funds in order to “promote co-operation in the prairies of Canada.” The ICA’s report to congress in 1930 notes that “the gift was gratefully acknowledged, and has been faithfully applied.”<sup>2</sup>

The ICA’s real entry into the world of international development came in 1960, when the Lausanne Congress approved the opening of the first ICA regional office (in New Delhi). This was subsequently followed by the establishment of offices in Tanzania (1968), Côte d’Ivoire (1979), and Costa Rica (1988). At the same time, the Canadian co-operatives were establishing their own structures to promote co-operative development. Développement international Desjardins (DID) traces its origins back to the beginning of the 1970s, and Société de coopération pour le développement international (SOCODEVI) specializing in sectors other than savings and credit, began its work in the mid-1980s. Both organizations have worked with several of the ICA regional offices in projects of mutual interest.

Anglophone Canadian efforts in the field of development began as early as 1947, with the incorporation of the Co-operative Development Foundation of Canada (CDF), originally conceived as a vehicle to provide support to needy co-operatives in the Arctic. In 1980 both the Co-operative Union of Canada and the Canadian Co-operative Credit Society, which had begun to develop programmes of their own, agreed to join forces and use CDF as their common vehicle for international development, a role now played by the Canadian Co-operative Association. The ICA has also received financial support from these organizations for its regional activities, and in Asia it has facilitated the initiation of joint CCA–DID programmes.

DID, SOCODEVI, and CCA are all recognized by ICA as “development partners,” a group of less than twenty national and international agencies that collaborate with the ICA in order to promote the development of co-operatives in developing countries and, since the early 1990s, also in countries in transition.

### ***Conclusion***

The strong leadership role that Canada has played in the ICA, particularly during the last twenty years, is largely attributable to the quality of leaders it has provided to the international scene. Unlike some countries, which have seen the ICA as a dumping ground for people unwanted at home, Canada has sent its best domestic talent—people like Laidlaw, Daneau, MacPherson, Béland, and Turner, who have combined international tasks with their extensive domestic responsibilities. The fact that Canada has responded so rapidly to these requests for assistance is also a reflection of the strong value

base that has always been present in the Canadian movement at both elected and managerial levels. What is perhaps new today, on the edge of the new millennium, is a growing awareness on the part of Canadian leaders that international involvement also brings practical benefits—contacts, knowledge, and commercial relations—which are more important than ever to co-operatives. For these purposes, as well as for the more traditional areas of co-operative promotion, the ICA remains a network ready to be used by its members.

**Endnotes**

1. “Report of the Central Committee on the Work of the ICA, 1927–1929,” in *Report of the Proceedings of the Thirteenth International Co-operative Congress, 25–28 August 1930* (London: Co-operative Printing Society Ltd, 1930), 72.
2. *Ibid.*, 73.



*There must be a great body of lay leaders, women as well as men, not just to make a success of co-operatives, but also to work towards the building of a new kind of society. The best leaders will not see co-operatives as an end in themselves but rather as a means to a better social order. Without lay leaders, the business leaders and technocrats will tend to judge and direct co-operatives largely as business dictates. The urgent contemporary problems of co-operatives must cease to be the exclusive preserve of experts and technicians and become the concern of rank-and-file people as well.*

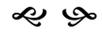
A.F. Laidlaw, *Co-operatives in the Year 2000*,  
(Ottawa: Co-operative Union of Canada, 1980), 68.



*The great objective of co-operatives should be to build community, create villages, many hundreds of them, within the larger urban setting. Around many economic and social needs, co-operative organizations can be formed which will have the combined effect of creating community. Co-operatives of all kinds will have the effect of turning a neighbourhood inward to discover its own resources and start the services required. The co-operative idea, of self-help, sharing common interests and needs, can be the social adhesive holding an urban area together and transforming it into community.*

A.F. Laidlaw, *Co-operatives in the Year 2000*,  
(Ottawa: Co-operative Union of Canada, 1980), 68.

PART TWO



*Mutual Aid*

# *Co-operatives in Canada*

## *An Overview*

*The Canadian Co-operative Association  
le Conseil Canadien de la Coopération  
Co-operatives Secretariat, Government of Canada*

### *The Landscape*

**C***o-operatives have existed in Canada since the mid-1800s. The earliest began with the formation of a farmers' mutual fire insurance company, and consumer societies emerged from the 1860s on in mining, manufacturing, and farming centres. During the late 1800s, co-operatives were involved in the processing of cream, grading of eggs, and marketing of grain. Agricultural supply and marketing co-operatives formed the base from which subsequent Canadian co-operative activities developed.*

*The credit union and caisse populaire movement had its roots in Québec, with the founding of la caisse populaire de Lévis by Alphonse Desjardins in 1900.*

*Co-operatives are a distinct and unique sector of the Canadian economy, and as of year-end 1996, were made up of ten thousand organizations with more than 14.8 million memberships and 151,000 employees.<sup>1</sup> The following commentary provides an overview of the types of co-operatives found in Canada and some indication of their level of activity.*

### *Agriculture*

*Co-operative participation in agricultural trade plays a major role in the Canadian economy. In 1996, approximately 40 percent of total farm cash receipts were handled by co-operatives, most significantly in the areas of grains*

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and oilseeds, dairy, poultry and eggs, livestock, and fruits and vegetables. On the input side, co-operatives supply 36 percent of fertilizers and chemical sales, 27 percent of feed sales, and 19 percent of seed sales. Marketing co-operatives can be found in all provinces. Most of them are modern organizations with much expertise in processing and marketing agricultural products which enables them to compete head-on with the giants in this industry. Co-operatives in the agricultural sector have a significant economic impact at the local, regional, and national levels.

#### *Consumer*

At the local level, consumer retail co-operatives vary in size and sophistication from small buying clubs, in which a few families pool grocery orders and buy from wholesale outlets, to large organizations. In 1996, the sales of all consumer retail co-operatives amounted to more than \$4.9 billion in food products, dry goods and home hardware, and other consumer goods. In the West, the 337 co-operatives that form the co-operative retailing system served by Federated Co-operatives Limited (FCL) had total sales of more than \$2.6 billion during 1996, giving them the largest market share of any region in Canada. Calgary Co-operative is the largest consumer co-op in North America, with nearly 40 percent of the local retail market. And the 168 members of Co-op Atlantic scattered throughout the Atlantic provinces had total revenues of more than \$672 million, which gave them the second highest regional market share. In contrast, although there are consumer co-operatives in Ontario and Québec providing services in some centres, they generally have little impact in the major urban markets.

#### *Financial*

On the financial side, credit unions and caisses populaires have developed a strong presence in Canada. These financial co-operatives emerged at the turn of the century, and by 1996, a total of 2,398 credit unions and caisses populaires had attracted 10 million members (33.2 percent of the population). These co-operatives boast assets of \$104.5 billion, savings amounting to \$91.2 billion, and loans of \$83.1 billion. Canadian credit unions have formed provincial centrals in all provinces except Québec, where the caisse populaire Desjardins has 5.1 million members and \$53.3 billion in assets.

Insurance co-operatives, which rank among the largest insurance companies in Canada, include organizations such as The Co-operators, Groupe vie Desjardins Laurentienne, les entreprises SSQ, le Groupe Desjardins assurances générales Inc., and the CUMIS Group.

There are also co-operatives in the Canadian trust industry. Co-operative Trust Company of Canada and Desjardins Trustco Inc. are owned by the co-

## *Canadian Co-operatives in the Year 2000*

operative, credit union, and caisses populaires system. These organizations offer a wide range of investment and fiduciary services and provide long-term mortgage and personal estate management from offices across Canada.

### *Housing*

Co-operatives respond to both social and economic needs of their members. Co-operative efforts to provide Canadians with good housing began in the 1930s with sweat-equity co-operatives, where individuals worked together to purchase materials and build houses and assumed individual ownership upon completion of the construction phase. The mid-1960s saw the beginning of the present co-op housing model, which developed into a strong movement. In this model, the people who lived in the housing facility were members and thereby owned the complex with other resident members of the co-operative. In 1968, the Co-operative Housing Foundation of Canada was formed to promote this particular model. Amendments to the *National Housing Act* in 1973 provided for start-up funding for co-operative housing; these changes also offered advantageous mortgage programmes and rent supplements for low-income members. By December of 1996, there were 2,096 housing co-operatives, providing more than 89,000 occupied housing units. In spite of this success, however, there are no longer federal programmes in place to support the development of new co-operative housing.

### *Fishery*

Fishing co-operatives in Canada have faced major challenges in recent years, particularly in Atlantic Canada since the moratorium on fishing northern cod stocks came into effect in 1992. A similar situation has evolved for fishers in British Columbia, with a long-standing battle among US and Canadian governments and fishers concerning management of the salmon fishery in Pacific waters. The end result has been a substantially reduced harvest for Canadian fishers and an associated negative impact on the Canadian fishing industry. The many smaller co-operatives involved in the freshwater fishery of the Prairie provinces and the Northwest Territories have not been affected to any great degree by the downturn that has had such a negative impact on all other sectors of this industry. The changes that have occurred over the past ten years, however, have left a relatively small co-operative presence in the fishing industry.

### *Energy*

Energy co-operatives occupy an important position in western Canada. The Consumers' Co-operative Refinery was established in 1934—a wholly owned

subsidiary of Federated Co-operatives Ltd. with a refining capacity of fifty thousand barrels of crude oil per day. Integrated with the refinery is a heavy oil upgrading plant owned and controlled by FCL and the Government of Saskatchewan. The upgrader was designed to process fifty thousand barrels of heavy crude oil daily.

Electricity and gas distribution co-operatives operate almost exclusively in rural areas of Alberta. In the early days, rural electrification was considered a costly proposition because of the sparseness of the population. Given these conditions, rural electrification was undertaken in the postwar era with government incentives through the medium of co-operation. Within a decade or so, these co-operatives came to account for about 90 percent of the electricity supplied to Alberta farmers. In recent years, however, most of these associations reached the point where their aging facilities needed to be replaced, which entailed another round of large capital investment. Rather than make this capital outlay, many associations opted to sell their assets to power companies. In spite of this, in 1996, 140 electricity co-operatives reported 53,064 members, producing revenues of \$52.4 million. In terms of natural gas, at the same point in time, there were 69 co-operatives reporting 65,100 members and revenue of \$74.7 million.

Petroleum distribution in Canada is considered an integral part of the retailing operations of FCL, Coopérative fédérée de Québec, and the United Farmers of Alberta (UFA). For the UFA, in fact, petroleum distribution is its main retail activity.

### *Service*

Service co-operatives operate in areas such as health care, child care, development, and specialized agricultural activities such as seed cleaning and farmers' markets. Health co-operatives, designed to provide health insurance or direct medical services to members, play an important role in many communities across Canada. Thirty-three health co-operatives reported to the Federal Co-operatives Secretariat's annual survey of Canadian co-operatives in 1996. They reported more than 245,000 members and assets of \$78.5 million. Their business revenues amounted to \$277.2 million and they employed more than twelve hundred people.

There are two dominant models in child care. Day-care co-operatives are formed by parents to provide day-time care for the children of working parents. The parents form the board and pay fees and the co-operative hires trained staff to look after the children. Nursery-school co-operatives, on the other hand, place the emphasis on education and social interaction, as well as providing parents some time for other pursuits. Child care has been one of the most rapidly developing forms of co-operative activity across Canada during the past decade. In 1996 there were 438 day-care/nursery co-ops re-

porting, with 27,533 members and revenues of \$46.4 million, most of which is consumed by salaries of \$33.7 million.

Community development co-operatives foster local-level leadership skills and enable full grassroots participation in problem solving and innovation. Most community development co-ops are focussed on economic development and job creation. In 1996, 212 development co-ops reported 13,026 members, 236 employees, assets of \$16.3 million, and revenues of \$10.5 million.

### *Production*

The final major type of co-operative in Canada is the production co-operative. These include agricultural production co-ops, Aboriginal co-ops, forestry co-ops, worker co-ops, and handicraft co-ops. Those in agriculture are focussed in areas such as artificial insemination, grazing, forage production, and livestock feedlots. Farm machinery co-operatives, which were quite common in western Canada during the postwar era, are being seen more and more again in Saskatchewan, Alberta, and Québec. In Québec, they are known as CUMA—Coopératives d'utilisation de machinerie agricole—an association of producers who pool the use of farm equipment, where the co-op is the sole owner of the equipment.

Co-operatives play a major role in certain aboriginal communities across Canada. Introduced to the North in 1959 with the assistance of the federal government, there are now thirty-eight of them in the Northwest Territories and seventeen in northern Québec serving more than twenty thousand members. Wages paid by these co-operatives in the North amounted to \$20.8 million in 1996, making the co-ops second only to government as an employer in the area.

In 1996 there were ninety-two wood producing co-operatives in Canada, mainly in Québec, reporting a membership of 9,276 and revenues of \$387.4 million. These co-operatives are principally involved in wood cutting, and seventy-four of them are worker owned.

During the 1980s, worker co-operatives became more and more common and well established in Canada. As noted earlier, the worker co-operative model is well established in the forestry sector. But one can also find worker co-ops in theatre, natural-food distribution, film, and many other business ventures. The prime purpose of the worker co-operative is to provide employment to its members. To accomplish this, the co-op undertakes various business activities for which the membership has a level of expertise. Another type of worker co-op that has arisen in Québec is the Worker Shareholder Co-operative, which invests in a company on behalf of the employees of that company. The members of the Worker Shareholder Co-operative are the employees of the company in question. The purpose of this type of co-op, again, is creation and maintenance of employment.

### ***Unique Aspects of the Canadian Movement***

The foregoing gives a brief overview of the type and level of co-operative activity in Canada. Co-operatives are an important part of the Canadian economy and society, and Canada offers a rich experience for those interested in co-op history or searching for models of co-operative development that have worked. The Canadian movement is unique in that all the different types of co-operatives described above have a common identity as co-ops and, for the most part, all work together through regional and national associations on common areas of interest. This is not a phenomenon found throughout the world, but is a direction in Canada that has kept these various types of organizations focussed on the fact that they are co-operatives and that being a co-operative means something special.

### ***Leadership***

In large part, the different types of co-operatives in Canada have a common identity and work together because of the leadership provided at the national and regional levels primarily through the Canadian Co-operative Association (CCA) and le Conseil Canadien de la Coopération (CCC) and their regional members and affiliates. It is difficult in a country as large and diverse as Canada to bring national focus and direction to any organization that has a regional or provincial membership or client focus. Trying to accomplish this in the co-operative sector, which by its very nature is decentralized, is even more of a challenge.

### ***Le Conseil Canadien de la Coopération***

Le Conseil Canadien de la Coopération is the national association dedicated to promoting the interests of Canadian Francophone co-operatives. Formed in 1946, the CCC represents 7 million members across Canada, and through its nine provincial council members, more than 3,730 Francophone co-operatives, of which 350 are located outside Québec. CCC focusses on the promotion of co-operation as a way of advancing the social and economic development of Canada's Francophone community. This goal is achieved through CCC support to the provincial councils and their local and regional development initiatives, as well as through the representation of co-operative interests at the national level.

### ***The Canadian Co-operative Association***

The Canadian Co-operative Association was formed in 1987 by the merger of the Co-operative Union of Canada (CUC) and the Co-operative College of Canada. CUC had been around since the beginning of the century, and

### *Canadian Co-operatives in the Year 2000*

the Co-op College since the early 1950s. The CCA is the national association of Anglophone co-operatives in Canada. Its activities are focussed on government affairs and policy, co-operative development, youth, and international development. The CCA works in collaboration with six regions and/or affiliated offices.

#### *Other National Associations*

There are a host of other regional and national associations that have also played an important role in the development of co-operatives, credit unions, and caisses populaires in Canada. Credit Union Central of Canada (CUC), which co-ordinates the joint interests of the provincial Credit Union Centrals and other financial co-operatives in the insurance and trust sectors, has been mentioned earlier. La Confédération des caisses populaires et d'économie Desjardins du Québec, CUC's French counterpart, serves ten regional, one provincial, and three out-of-province federations responsible for Ontario, Manitoba, and the Acadian region of northern New Brunswick. The Co-operative Housing Federation provides services and co-ordinates joint interests on behalf of the thousands of housing co-operatives across Canada. The Canadian Federation of Worker Co-operatives provides education and representation services for the worker co-op sector in Canada. Prairie Pools stopped operations in 1998, but up until that point had served the agricultural policy issues of the western pools in Ottawa.

#### *Regional Associations*

In addition to this, there are all the regional organizations affiliated with the CCA and the CCC. For example, le Conseil de la coopération du Québec (CCQ) is the umbrella organization that brings together all co-operative enterprises in Québec. The CCQ provides leadership in the areas of co-operative development, education, and representation to government. The well-established co-op sector in Québec brings many other federations of co-operatives into CCQ membership. For example, in addition to the caisses populaires and the agricultural and dairy co-operatives in Québec, the membership of the CCQ includes the Association of Forestry Co-operatives, and the following federations: Food Co-ops; Cable Distribution Co-ops; Health Services Co-ops; Worker Investor Co-ops; the Co-operatives of New Québec (Aboriginal Co-operatives); Funeral Co-ops; School Co-ops; Worker Co-ops; Regional Development Co-ops; and Housing Co-ops.

Another example of a significant regional organization is the Regional Co-operative Development Centre (RCDC) in eastern Canada. RCDC was formed by the co-op sector in the three Maritime Provinces to help agencies focus on the co-op model in community economic development in the

### *Memory, Mutual Aid, and the Millennium*

region. RCDC is affiliated with CCA, but is an organization in its own right incorporated under the *Canada Co-operatives Associations Act*.

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CCC and CCA and their predecessor organizations have played an important role in the evolution of the co-operative movement in Canada. This has occurred for two reasons. First, the national associations have been able to preserve a level of objectivity, which has enabled them to maintain their connections to all co-operatives. This is because the national associations are not at the table to deal with some of the hard business issues that have often caused division within the sector. Second, they have managed to keep some issues on the table that, though not mainstream to the business of their member organizations, were nevertheless mainstream to the uniqueness of co-ops.

When an organization operates within a consensus model, it is sometimes easy for observers to assume that it is working at the level of “lowest common denominator.” The outcomes of CCA and CCC congresses and annual meetings reveal a focus on the development of new co-operatives, increasing the profile of women in co-ops, youth involvement and development, co-operative principles, and education. On the other hand, the business plans of local and central co-operatives rarely focus on these issues. Yet the CCA and CCC have succeeded in keeping these types of issues on the table and in front of Canadian co-operatives. While some may consider them a reflection of the lowest common denominator, it is exactly these types of grassroots issues and approaches to them that make co-operatives unique. Working through them is forced by the social conscience of the co-operative, and the exercise ensures an ongoing analysis of if and how co-ops want to retain their status as unique organizations.

### ***Co-operatives Today***

The overall outlook for the Canadian co-operative movement today is positive. Numbers concerning membership, sales, assets, and market share show evidence of growth and vibrance. Many of the co-operatives that came into being more than fifty years ago are among some of Canada’s largest corporations today. While some might say that this has caused them to look and behave just like any other type of business, a closer look would point to some key differences. The large co-operatives are owned directly by their members, be they producers, consumers, or employees. These members sit on the board, hire management, and through the co-operative planning process, are in charge of the strategic direction that the organization takes. The surplus generated by these large co-operatives is either returned to members directly through patronage dividends, or retained in the co-operative to improve the service it provides to its members.

Another positive indication of the health of co-operatives in Canada today is the broad base of commitment and participation that continues to be demonstrated at the inter-co-operative association level through the CCA and the CCC. There is continued effort on the part of co-ops, be they in the finance industry, agriculture, consumer goods, housing, or services industries, to keep working together. This extends to a solid connection between the Canadian co-operative movement and the International Co-operative Alliance (ICA), which promotes the co-operative model on a worldwide basis and to the ICA Americas region, which focusses on the continent. Equally, the credit union system in Canada is a strong member of the World Council of Credit Unions (WOCCU), which provides services for the development of credit unions internationally. In addition, the Government of Canada, through the Canadian International Development Agency (CIDA) has continued to partner with Canadian co-operatives through Développement international Desjardins (DID), Société de coopération pour le développement international (SOCODEVI), and the Canadian Co-operative Association to take the Canadian co-operative experience to developing countries. All of these indicators point to a co-operative structure in Canada that is working well and also being recognized by others, such as government, as a model with some broader applications.

However, like a house that has been standing for a hundred years, aging and wear and tear take their toll, and cracks begin to appear in the foundation. Left untreated, these cracks can turn into more serious problems, but early detection and preventive maintenance can keep the house standing proudly for many years.

### ***Cracks in the Foundation***

#### *A Changing Environment*

Co-operatives face a world and conditions far different from those that existed during the formative years of many of these organizations. This provides both opportunities and challenges. International markets, instantaneous communications, intense competition on a world scale, and a focus on individualism have all contributed to challenging or changing co-operatives in Canada. When many of the existing co-operatives came into being, for example, they established geographic boundaries within which they would conduct business. Alberta Wheat Pool served farmers in Alberta, CS Co-op Credit Union provided savings and loans to federal public servants, Agropur processed dairy products on behalf of their producer members in Québec. In today's marketplace, these geographic boundaries do not make sense. The pressures of globalization have led to much rationalization in some co-ops, and also to some instances in which co-operatives are competing with each other.

### *Memory, Mutual Aid, and the Millennium*

At this point in history, the pools in western Canada provide a high-profile case. Specifically, Alberta Wheat Pool has merged with Manitoba Pool Elevators to form a new co-operative called Agricore, which will compete with Saskatchewan Wheat Pool in the West. This type of situation, though not impossible to deal with, does add a new level of challenge to maintaining a forum such as CCA or CCC, where co-operatives are intended to work together in areas of common interest.

#### *Management Issues*

Managing large complex organizations requires strong management. The management expertise and supply in Canada has been developed largely through approaches and experiences drawn from the non-co-operative sector. In combination with current market conditions, this again presents challenges to maintaining a co-operative uniqueness. This is not entirely a bad-news story, however, as where there are strong boards and strong management, the co-operative is very successful. The most important point that arises is the need to meticulously clarify board and management roles and responsibilities. It is the role of the board to reflect the interests and needs of members (this is the essence of the co-operative model—ownership and control by members). Equally, it is the role of management to manage an organization so that it can respond with a high level of professionalism to the interests and needs of this membership. When these two aspects work in harmony, the result is a successful co-operative. One obvious gap continues to be the lack of education focussed on managing in the unique environment of a co-operatively structured organization.

#### *Understanding the Co-operative Model*

The final crack in the foundation of the Canadian situation also points to the most obvious opportunity for the future. While there are a core of people in Canada who participate in and understand co-operatives, the model is largely unknown. Whether one talks to key people in government, to members of the general public, or in many cases to the membership of the co-operative itself, the model and its unique role in Canada are not clearly understood. In a society where the changing role of government has meant less involvement in many areas such as job creation, community development, and provision of social services such as health and education, there is a search for models of self-sufficiency. The co-operative model offers a tremendous opportunity to engage citizens in responding to local needs through community-owned organizations structured as co-operatives. In order to capitalize on the opportunity, however, there is a continuing need to inform government, the public, and the membership of co-operatives.

### ***Back to the Future***

Historically, co-operatives have arisen and thrived when there is need. During depressed economic times, or during times of structural change at the local level—the closing of the single company in a one-industry town, for example—co-operatives often come to the fore and engage the community in the process of mutual self-help and problem solving. This has been the case in the past and continues to be the opportunity for the future.

We talk a lot in Canada about social cohesion. The essence of the discussion focusses on the elaboration of models and processes to manage the conflict that arises between social and economic objectives. This conflict does present a problem, as the end result of it to date has been an increasing cynicism in the country and a view that things are not working. “Striving for social cohesion” is a phrase coined by government since it, more than any other institution in society today, feels the pressures of an increasingly dissatisfied citizenship. Alienated by the growing complexity of the world, citizens are concerned by some of the directions being taken, particularly with regard to the restructuring of social infrastructure—health and education, for example—and are demanding more involvement. On the other hand, many government decisions are dictated by higher levels such as world trade conventions, international currencies, and a global marketplace. With these two, sometimes opposing, forces at play, governments often see their ability to govern being usurped.

Once more in time of need, the Canadian co-operative sector is coming to the vanguard, with an age-old, but often unappreciated model that as a matter of daily practice balances economic and social goals and manages the conflict between the two. Co-operatives, credit unions and caisses populaires serve nine hundred rural communities in Canada where they are the only source of service in those communities. These unique businesses exist in these towns and villages not to maximize profit, but to provide a service to members, who, without their co-operative, would have to drive to larger communities to receive financial services, foodstuff, and agricultural supplies. Because these co-operatives are only supported through the surplus of the businesses in which they are involved, they find a way to serve these small rural areas in a profitable fashion, which often involves considerable innovation.

Le Conseil Canadien de la Coopération and the Canadian Co-operative Association are working with government on a partnership between the co-op sector and the federal and provincial levels of government to support the development of co-operatives. The most challenging question in terms of this partnership is: “Why should co-ops receive different treatment from any other type of enterprise in Canada?” Canadian co-operatives generally do not ask for special treatment; they ask for equal treatment. The co-op-

erative sector's argument is that because of the low awareness of the co-op model, the sector does not get the same treatment as other small and medium-sized enterprises. But with the challenges facing Canadians today, perhaps an argument could be made for unique treatment. To illustrate the point, take for example a situation where the CCC has taken the lead, with support from the CCA, to generate a guide for the development of local health-care co-operatives. The restructuring of the health-care system in Canada is leaving many small communities without health-care facilities. This is a major concern for rural citizens. Community owned and controlled health-care co-operatives have existed in Canada for many years, but there has not been a significant opportunity for growth because health has been looked after by the state. The current restructuring in health care is driving many communities to look for alternatives. In Ontario, some hospitals are considering the co-operative model as a way for hospitals in a region to work together to achieve economies of scale, to reduce duplication, and to ensure the continuation of hospital services in communities that might otherwise lose the service due to budget cuts. Community owned health-care co-operatives have also been established in Ontario and Québec in areas on the verge of losing their doctor and medical clinics due to budget cuts and restructuring.

Like the citizens of other western countries, Canadians have come through an era during the fifties, sixties, and seventies when governments were looking after them. There were always debates, but in general, there was a sense that health care was adequately funded by the state, education was a state obligation, and there were always government programmes to support community economic development. These were hardly the conditions that were in place during the first half of the twentieth century, when most of the large co-operatives that exist in Canada today came into being. In the first half of the century, co-operatives arose to provide services that were not otherwise available in communities. The conditions in Canada from post-World War Two to the end of the seventies began to change during the 1980s. The change has been gradual and sometimes barely noticeable, but compared to the previous era of substantial government intervention, the role of government today is minimal, and communities themselves are expected, more and more, to solve their own problems. Co-operatives have always been a model of self-sufficiency and they are called upon to continue playing that role, to an ever increasing extent, as Canada enters the next millennium.

***Endnote***

1. Statistics are based on the Government of Canada's Canadian Co-operatives Resource File 1998.



*Our boys and girls at school study about business, banks and other organizations. It is only fair to ask that co-operatives should receive equal attention for to many of our pupils these co-operative enterprises are more real, more noticeable and observable than other forms of business. Moreover the co-operative movement will more and more offer to the boys and girls of our province opportunities for their life's work. Many are developing a "vocation" to co-operatives. No boy or girl can be considered fully educated for intelligent citizenship unless he or she knows something about co-operatives, their history, purposes, organizations, strengths and weaknesses.*

Remi J. Chiasson, ed., *Co-operation: The Key to Better Communities*  
(Antigonish: St. F.X. Extension Department, 1961), 7.

# ***Canada's Nonprofit Co-operative Housing Sector***

*An Alternative That Works*

*Mark Goldblatt  
President  
Sound Advice Consulting Co-op*

**T**he emergence of the nonprofit co-operative housing sector is one of the most significant innovations to take place within Canada's co-operative movement since the Second World War. As of January 1999, according to the Co-operative Housing Federation of Canada's national data base, there were approximately 2,133 separately incorporated nonprofit housing co-operatives comprising 89,995 units distributed across Canada, with some presence in every province and the three territories. Even more significant than the number and spread of housing co-ops is the successful creation in Canada of a new and viable housing alternative to the private, for-profit rental system and a self-financing infrastructure to support the innovation on a long-term basis.

The history of housing co-ops is unique in Canada. The sector is the newest of Canada's mature co-op movements, and one of the most urban and social in orientation. Its development epitomizes an effective partnership of state and co-operative leaders, with planned intervention and support from governments and established co-ops giving way to a self-supporting and self-sustaining movement.

Nonprofit housing co-operatives in Canada share a number of key characteristics, outlined below.

## ***Financial Characteristics***

From a financial point of view, Canada's present-day housing co-ops are "rental co-ops"; i.e., members lease their units from the co-operative and

pay a monthly housing charge (not dissimilar from rent in the private sector). Co-op housing charges are set at cost and increase only as the co-op's costs increase. Members make no equity investment when they move in and have nothing to sell when they move out. Any capital they contribute on joining the co-op is returned at par value when they leave. The economic advantage members enjoy comes from the difference between the co-op's break-even housing charge and the rent charged for a similar unit on the private market.

Canada's nonprofit housing co-operatives have been designed primarily for moderate- and low-income households as an alternative to renting in the private market. These co-operatives are not intended to compete with the private home-ownership market, in which 63 percent of Canadians (including those in condominiums) own their own homes, and where the standard of housing is generally higher and people have an equity interest. Most households living in nonprofit housing co-ops purchase a private home once they have accumulated a down payment and their income has reached the point where they can afford to maintain it. The co-op housing sector does not see such departures as a problem, since they open up a co-op unit for a household that cannot afford to buy.

To preserve the nonprofit rental characteristic of Canada's housing co-ops over the long run, legislation in several provinces has been amended, at the request of the co-op housing movement, to ensure that there is no means or economic incentive for members to sell their co-op's property for private gain. Generally, this legislation states that net assets on dissolution must go to another nonprofit housing co-operative or to the public trustee for distribution for charitable purposes. This stipulation reinforces the goal of providing (rental) housing at cost in perpetuity.

### ***Membership Control***

From a control point of view, Canada's nonprofit housing co-operatives are based on the universal co-op principle of "one member, one vote," with all adult residents invited to be members. Membership is usually restricted to people living in the co-op's units, and few co-ops rent to nonmember households. When members move out of the co-op, they give up their membership rights.

Once a year the co-op's membership elects, from among its members, a board of directors, which in turn appoints members to various committees. The Canadian co-op housing model has emphasized participation, with members being strongly encouraged to volunteer some of their time to assist on a formal or informal basis with the co-op's ongoing operations.

To facilitate this participation, the co-op housing sector has developed dozens of workshops designed to train volunteers in every aspect of co-op

housing operations and in managing community life. To implement this ongoing education programme, the Co-operative Housing Federation of Canada has developed a training programme to certify instructors across the country in the delivery of educational workshops. All workshops include extensive printed material that has been written in “plain language” to make it more accessible to people from varying backgrounds.

Flowing out of this emphasis on member involvement, research by Canada’s federal housing agency, Canada Mortgage and Housing Corporation (CMHC), has documented the fact that individual co-op housing members report the acquisition of new skills, self-confidence, and leadership experience gained through participation in the operations of their co-op. Many say their co-op housing experience formed the basis for their return to studies, finding employment and, in some cases, starting their own business.

### ***Income Mix among Households***

Nonprofit housing co-operatives in Canada are set up on a mixed-income basis, with approximately half the units occupied by low-income households receiving a monthly subsidy to help cover their housing charge. Low-income households generally pay between 25 and 30 percent of their income, with the balance of the housing charge covered by government subsidies or, in some cases, from the revenues the co-op raises from other members. The percentage of low-income households paying a rent-geared-to-income varies from one co-op to another, from a low of 15 percent to a high of 100 percent, depending on the terms of the programme under which the co-op obtained government assistance. It is estimated that, on average, half of co-op housing units are occupied on this basis.

### ***Sense of Community***

Housing co-ops in Canada place great emphasis on creating a mutually supportive community. Through participation on the co-op’s board and committees, people get to know their neighbours. They help keep an eye out for each others’ children and support each other in small ways that make a difference in day-to-day life. This feeling of community is in sharp contrast to typical private-sector rental projects, where residents often do not even know the name of the person living next door.

### ***Management Systems***

The number of units in each housing co-op varies widely, from a low of under ten units to a significant number in the two-hundred-unit range. The largest in Canada has nearly eight hundred units. Three basic management systems are currently in use:

*Canadian Co-operatives in the Year 2000*

- a) In many smaller co-ops, all management tasks are carried out by members on a voluntary basis.
- b) Day-to-day administrative and maintenance work are carried out by the co-op's own employees; in the smaller co-ops, these employees work on a part-time basis.
- c) The co-op employs an outside property management company on contract. There are firms in many areas of the country who specialize in co-op housing management.

***Range of Co-op Housing Types***

Housing co-ops in Canada are developed through new construction or the acquisition of existing private rental buildings that are converted to co-ops, usually with extensive renovations. They range from scattered houses, townhouses, walk-up apartments, medium-rise apartments (up to ten stories), and a small number of co-ops with high-rise apartment buildings. There is a complete range of unit sizes, from one- to three-bedroom apartments to two- to five- bedroom townhouses. Members include a variety of single people of all ages as well as families, a significant number of which are single-parent. There are some co-ops for senior citizens only. Co-ops can be found in small towns, although the major concentration is in the suburbs and downtowns of Canada's largest cities. About half of all co-op homes are located in or on the doorsteps of Montreal, Toronto, and Vancouver.

***Accommodation of Special Needs***

Many of Canada's housing co-ops set aside units for people with special needs, the most common of which is members who use a wheelchair. When these co-ops were developed, a number of units were designed to be wheelchair accessible. Other special needs groups currently represented vary widely, from teenaged single parents to people living with HIV or AIDS.

Taken together, these characteristics form a distinctive housing system in Canada that provides a direct alternative to the traditional, private, for-profit, landlord/tenant system, and complements the other forms of nonprofit housing available in the market-place.

***International Impact***

Canada's nonprofit co-op housing experience is having an impact not only in Canada. In 1984, co-op housing activists created the Rooftops Canada Foundation as the international human settlements arm of Canada's nonprofit co-op housing movement. To date, Rooftops has been active in sixteen countries around the world. It receives an annual core operating grant from the

Co-op Housing Federation of Canada, and projects are funded by the federal government's Canadian International Development Agency and, to a lesser extent, donations.

### ***History of Co-op Housing in Canada***

Beginning in the 1930s, groups of people living in Cape Breton, Nova Scotia, Québec, and Ontario got together on a mutual self-help basis to build each others' homes. This sweat-equity approach was known as "building co-ops." Once the houses were complete, the co-op generally wound up and the homes were owned privately on a normal freehold basis. These building co-ops were absorbed over time by Canada's conventional homeownership market and did not have a significant impact on the emergence of the nonprofit co-op housing model.

The history of the emergence of the nonprofit co-operative housing sector is an interesting example of a new co-op vehicle that grew out of other social movements in Canada. The first large, well-known, nonprofit housing co-op for families came into being in 1965, following the earlier establishment of a number of successful nonprofit housing co-ops for students at Canadian universities. The family development, known as Willow Park, comprising two hundred townhouse units, was established in Winnipeg, Manitoba, and continues to operate today. The project was the offspring of the Co-operative Housing Association of Manitoba, organized in 1960 by ten individuals, five large agricultural, retail, and insurance co-ops, and the Winnipeg Labour Council. Their initiative was inspired in part by the writings of Alex Laidlaw, a pioneer co-op educator and one-time general secretary of the Co-op Union of Canada, considered to be the father of the nonprofit co-op housing movement in Canada.

In the 1960s, the Co-op Union of Canada and the Canadian Labour Congress formed the National Labour-Coop Committee. Through the efforts of its sole employee, Jim McDonald, the nonprofit co-op housing idea was promoted across Canada and, most significant, the Co-operative Housing Foundation of Canada (CHFC, now the Co-operative Housing Federation of Canada), was founded in 1968. Joining the Co-op Union of Canada and the Canadian Labour Congress as founders of the new organization were the Canadian Union of Students and, a year later, the United Church of Canada. Glenn Haddrell, from British Columbia, with a trade union and credit union background, was recruited in 1970 as the first executive director of the new Co-op Housing Foundation of Canada, and served in that capacity until 1986.

As the years passed and the number of housing co-ops across the country grew, control of the Co-op Housing Federation passed from its original sponsors to its current member housing co-ops. Today, CHFC has offices in Ottawa, Toronto, and Vancouver, and in conjunction with its twenty-three

regional federations, provides support services to housing co-ops. The federations' operating costs are covered principally through membership dues from housing co-ops, making them financially self-sufficient on a long-term basis. The national federation provides its services in both of Canada's official languages, and even offers simultaneous translation at its annual general meetings.

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During the period when new housing co-ops were being actively developed under various government programmes, each co-op was asked to contribute up to 1 percent of its capital cost as a grant to the national federation. These contributions were used to both support current operations and create an endowment fund to stabilize the availability of services over the long run. The contributions, known as "sector support," were financed by being included as part of each co-op's initial mortgage loan.

The national and regional federations provide a variety of services, including group insurance plans, bulk purchasing, management advice, educational workshops, and government relations.

### ***The Role of Government Financing***

The financing of nonprofit housing co-ops in Canada was initiated by Canada's federal government through its housing arm, Canada Mortgage and Housing Corporation, and was subsequently augmented by funding from several Canadian provinces.

These government-financed nonprofit co-op housing programmes provided two distinct kinds of subsidies. The first are known as "supply" or "bridge" subsidies. Beginning in the early 1970s, the cost of supplying new rental units—the financing charges for land, construction, and other development costs—combined with operating costs required break-even rents that exceeded the rents for similar units available on the private market. As a result, a subsidy was required to bring the economic rent (i.e., the break-even rent with no subsidy) down to market rent levels. These subsidies became known as "supply" or "bridge" subsidies and were a common feature of rental projects developed by both the private and nonprofit sectors.

It is interesting to note that the aforementioned Willow Park required no supply subsidy, underlining the fact that this type of assistance is not a generic feature of nonprofit housing co-ops, but rather a characteristic of the dynamics of the rental housing market at a particular point in time.

In some programmes, the supply subsidy has been provided through capital grants, in others, through ongoing operating grants. In the case of the latter, the subsidy is gradually withdrawn over time at a rate intended to allow the co-op to remain competitive in the market-place.

The second kind of government subsidy associated with nonprofit co-ops is rent supplements directed at low-income families, which enable the co-op to reduce the member's charge, typically to 25 or 30 percent of their household income. The rent supplement is paid directly to the co-op by the government, and is, in effect, a transfer payment, forming part of Canada's social security net. As stated earlier, about half the nonprofit co-op housing units in Canada are occupied by households receiving a monthly rent supplement or similar assistance.

Another key feature of the government's financing programmes for nonprofit co-op housing has been its willingness to cover 100 percent of the capital costs of developing the projects, either through direct lending by CMHC itself or, after 1979, 100 percent CMHC-insured mortgages provided by approved private institutions. This has meant that co-op members have not been required to finance any of the capital costs from their own pockets. The only exception to this were the first seven pilot projects launched in the early 1970s, where co-op members had to put up 5 percent of the capital cost by way of a repayable member loan.

Commencing in 1992, the federal government stopped financing new nonprofit housing co-ops. The last major provincial programme, in Ontario, was terminated in 1995, in part because of political pressure from the private landlord sector, which was unhappy with the competition. This pressure combined with confusion in the general public regarding what the subsidies associated with nonprofit housing were being used for, and federal and provincial governments who made public deficit cutting their top priority.

Small-scale housing programmes remain in the provinces of British Columbia and Quebec, allowing a few new co-ops to be developed each year.

The political climate, however, is gradually changing. The public is not happy with the growing ranks of the homeless and any discussion of this topic leads directly back to financing a new supply of nonprofit housing, including co-ops.

### ***Housing Co-op Development***

During the twenty-five-year period during which new nonprofit housing co-ops were being developed in considerable numbers, the development expertise was provided by specialized co-op housing resource groups. At its peak, there were more than sixty such groups, together employing several hundred people, and located in every major centre across the country. These groups assumed a variety of corporate forms, including community-based nonprofit societies such as Columbia Housing Advisory Service, based in Vancouver; employee-owned companies such as Chris Smith and Associates in Toronto; and subsidiaries of sponsoring organizations such as the Co-operative Housing Federation of Toronto and the Labour Council Development

Foundation owned by the Toronto and District Labour Council. Beginning in the early 1970s, the initial formation of many of these groups was assisted by core operating grants from the federal government. As these were phased out, the resource groups became financially self-sufficient by charging their client housing co-ops for development services. This fee was then capitalized by the co-ops as part of their initial mortgages.

The services provided by the resource groups were a combination of physical development—including land acquisition, co-ordinating professionals such as architects and engineers, obtaining planning approvals, overseeing construction—and co-op organizational assistance, including marketing and educational training to equip the co-op's initial membership with the necessary skills.

Since the end of government programmes to finance new nonprofit housing co-ops, the majority of the co-op housing resource groups across Canada have gone out of business or have diversified into other lines of work, including property management. If and when financing becomes available once again for new nonprofit housing co-ops, this delivery network will have to be re-launched.

### ***Housing Co-op Leadership: Profiles of Four Women***

It has been said that no new co-op movement succeeds in its early years without exceptional leadership. Canada's nonprofit co-op housing sector is no exception, and of particular interest is the role played by women. Well over half the key leaders of the co-op housing sector's resource group network were women, and the leading role they played stands out in at least two respects: first, there are few women in top positions in Canada's private-sector development industry; and second, there are few women in leadership positions in Canada's other established co-ops, such as agricultural co-ops and credit unions. A flavour of this leadership can be seen in the following brief look at four women whose outstanding co-op housing careers include key leadership roles at both the regional and national levels.

#### *Shirley Schmid*

In 1968, Shirley Schmid was a thirty-six-year-old housewife with four children living in Vancouver, British Columbia. Active in her local community, she went as a representative of the United Way to a national housing conference in Ottawa. As a result of contacts made at the conference, she was asked to spearhead an effort to create BC's first nonprofit housing co-op on land that had been set aside by the City of Vancouver to try out the new idea.

The result was the 110-unit DeCosmos Village Housing Co-op, occupied in 1971. In the co-op's development phase, Shirley recalled being interviewed

by a reporter from Vancouver's major daily newspaper. Within hours of the publication of the article on the new co-op housing idea, her phone rang continuously. Taking advantage of the response, Shirley invited interested people to her home for a meeting several days later. So many people showed up that Shirley, who is not very tall, remembers having to stand on her dining-room table to address the group. Within a short time, all of the planned DeCosmos units were spoken for and there was a waiting list.

Shirley went on to develop five thousand nonprofit co-op housing units in British Columbia, first under the auspices of the United Housing Foundation (1970–77) and subsequently through the Columbia Housing Advisory Association from 1978 to 1988, when she retired from full-time co-op housing development work.

Throughout her co-op housing career, Shirley played a major role in the national movement, serving for seven years as a board member of the Co-op Housing Federation of Canada (1979–86), the last three as president. She is credited with a key role in the introduction of the federal government's 1986 co-op housing programme, which was based on the innovative index-linked mortgage.

#### *Lynn Hannley*

Lynn Hannley was in her late teens, studying genetics and anthropology at the University of Alberta in 1967–68, when she got involved in a student housing co-op. By 1970, she was working in inner-city Edmonton for the Social Planning Council. When the co-op housing idea surfaced, she organized a "charette," an intensive participatory planning exercise attended by more than a hundred people over an eleven-day marathon. During the process, the group designed Alberta's first housing co-op—to be known as Sturgeon Valley Housing Co-op (or Keegano)—from the ground up.

In 1970, Lynn organized a resource group in Edmonton known as *Communitas*, where she continues until the present, as executive director. On the national scene, Lynn has played many roles, including being one of the first resource group members on the Co-op Housing Federation's board of directors when its membership was opened up in 1976. She played a key role in negotiating all three of the federal government's main co-op housing programmes over a twenty-five-year period. Most recently, she helped design CHFC's proposal to establish a nongovernmental organization to assume the administration of agreements with all federally financed housing co-ops. With the termination of government financing for new nonprofit housing co-ops in the early 1990s, Lynn's resource group, *Communitas*, has been the leader in Canada in the development of housing co-ops that are financed without government assistance and provide for equity participation by the members.

*Danielle Cécile*

In 1973-74 Danielle Cécile was in her early twenties, obtaining a degree in Environmental Design at the Université du Québec's Montréal campus. Her class was assigned the task of coming up with a future for an empty convent in downtown Montréal. During the research, Danielle came across the concept of nonprofit housing co-operatives. When she finished her degree, she returned to her home in Valleyfield, a small town in southwest Québec, and launched a resource group, le Groupe de ressources techniques du sud'ouest, to develop nonprofit housing co-operatives. Danielle spent the next eight years with the resource group, moving on in 1986 to become the executive director of the regional co-op housing federation, la Fédération des coopératives d'habitation Montérégiennes. From the inception of her involvement in the co-op housing movement, Danielle has been prominent in the development of Québec's umbrella organizations for both co-op housing resource groups and the province's regional co-op housing federations.

In 1988, Danielle moved to Ottawa to work for the Co-operative Housing Federation of Canada in a senior development capacity. After more than eleven years with CHFC, Danielle became executive director of the Federal Co-op Housing Stabilization Fund, set up to provide managerial and financial support for housing co-ops financed under the federal government's Index Linked Mortgage programme.

Over the years, Danielle has played a key role in building a strategic alliance between Québec's mainly French-speaking co-op housing sector and the national co-op housing movement. This is no small achievement in light of the enormous stresses within the Canadian political federation during the same years that the nonprofit co-op housing sector has emerged. In 1995, in recognition of her leadership, Danielle became the first woman in the fifty-year history of le Conseil canadien de la coopération (Canada's apex organization for Francophone co-ops), to receive its "Mérite coopératif" award. In recent years, among her many other contributions, Danielle has been encouraging the co-op housing movement to address the increasing diversity of backgrounds of people living in co-op housing, and the needs of youth growing up in co-op housing communities.

*Alexandra Wilson*

In 1974, eighteen-year-old Alexandra Wilson was living in Toronto, Ontario, in the private 260-unit Bain Apartments. To the shock of the complex's inhabitants, the landlord announced he was converting the project to condominiums, at a price that few of the tenants could afford. Alexandra assisted in the revival of a moribund tenants' association. Hearing of the co-op housing idea, the tenants approached CMHC to finance the purchase of the property and

its conversion to a nonprofit housing co-op. The price tag for the project was \$6 million. CMHC expressed doubts that the young, inexperienced group could handle such a large project. At CMHC's suggestion, the tenants resolved this problem by getting the City of Toronto to purchase the project, on the understanding it would be turned over to the resident-controlled co-op when the tenants had demonstrated they were ready to assume full management duties.

The project was purchased in September 1974, and in little more than a year, Alexandra had become the project's property manager. She led a difficult but ultimately successful struggle to get the City of Toronto to follow through on its original commitment, and in December 1977, the property was turned over to Bain Apartments Co-op. It remains today one of Canada's largest acquisition co-ops.

In 1978, Alexandra joined the development team at the Co-op Housing Federation of Toronto (CHFT), becoming executive director in 1983. While there, she played the key role in developing Beech Hall Housing Co-op, Canada's first nonprofit co-op specifically for senior citizens. Known for her astute management skills, Alexandra provided training for housing co-op resource groups across the country. In 1985-86, she was prominent in the research and subsequent introduction into Canada of index-linked mortgages, which formed the basis for the 1986 federal co-op housing programme. Alexandra left CHFT in 1987 to move to Ottawa, where she worked in a senior management capacity with the Canadian Co-operative Association's international development programme. In 1990, she became executive director of the Co-operative Housing Federation of Canada, where she continues to the present time. During her tenure, she has expanded the member service focus of the national organization and overseen a shift in dependence on development-related income, which disappeared with the termination of funding for new housing co-ops, to self-sufficiency based on membership dues.

### ***Co-op Housing Prospects***

What are the prospects for the future of Canada's nonprofit co-op housing sector?

Among a range of views, the majority have noted that public opinion is swinging back in favour of nonprofit housing. The increasing level of homelessness in Canada's major cities has attracted a great deal of attention, with commentators identifying nonprofit housing as a proven long-term solution. In addition, legislative protection for tenants living in the private rental sector (e.g., rent control) is weakening, making nonprofit co-op housing even more attractive to consumers. This situation is compounded by the fact that the private development industry cannot earn profits developing rental

housing for moderate- and low-income households, and consequently, only a handful of new rental units are coming on the market each year. In reaction to this situation, many co-op housing leaders feel there is a reasonable chance that the federal and/or some provincial or municipal governments will once again start providing financing for new nonprofit co-ops.

In the medium to long term, the situation looks even brighter. Without any doubt, the nonprofit co-op housing model has established itself in Canada as an alternative that works, and works well. From the point of view of households that cannot afford to purchase a home, nonprofit co-op housing offers an alternative that is superior in almost all respects to the traditional, for-profit, private rental sector. It is for this reason nonprofit co-op housing represents such an important innovation within Canada's co-op movement and has such a promising future.



*The co-operative position vis-a-vis the state on the one hand and the private sector on the other may, of necessity, have to be at times ambiguous and shifting. Where government is open, democratic and progressive, co-operatives will find many opportunities for agreement, concurrence and joint ventures with the state; but in countries where the government holding power is authoritarian and repressive, the co-operative movement may well be forced to seek alliances with the private sector in order to secure a more just social order... Let us be clear and unequivocal about it: the ideology of Co-operation is threatened from two sides, extreme statism on the one hand, and overpowering, grasping capitalism on the other.*

A.F. Laidlaw, *Co-operatives in the Year 2000*,  
(Ottawa: Co-operative Union of Canada, 1980), 43.

# *Co-op Activities in the Health and Social-Care Sector in Québec*

## *Overview and Challenge<sup>1</sup>*

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**C**o-operatives first appeared in Québec in the nineteenth century and continued developing in numerous areas up until the beginning of the Quiet Revolution, the state intervening little in economic and social life during this presixties period. Then, the drive towards modernization of the state system, beginning with the rise to power in 1960 of the Liberal Party team under Jean Lesage, marked a spectacular increase in public intervention. In at least two cases, co-operatives would disappear or be forced to change substantially. The nationalization of electricity, for example, would sound the death knell, with one exception, of a network and federation of sixty co-operatives distributing electricity.<sup>2</sup> And with the adoption of hospitalization insurance in the social/health sector, the Coopératives de services de santé du Québec was forced to change its basic activities. No longer in the business of providing health services, it became SSQ-Mutuelle and henceforth concentrated on selling insurance products.<sup>3</sup>

Community health clinics created during the same decade faced a similar situation. Following a series of recommendations by the Castonguay-Nepveu commission, the ministry of Social Services in 1971 implemented a major network of publicly run clinics combining social and health services, which led the community health clinics to integrate into what would be called the Centres Locaux de Services Communautaires (CLSC). When this

was accomplished, the state went on to impose a uniform model of services.<sup>4</sup> In fact, state activities in the sixties and seventies spread into many areas of health and social services, increasing both the number of health service centres and the human resources involved. The consequence would be an increased share of the budget, which would grow to 30 percent of total state spending. This trend left little room for popular or co-operative initiatives such as women's health centres, which were supported by the feminist movement.<sup>5</sup> However, health-care professionals, led by doctors, now had the option of working in private practices or in private health centres.

It was only when the notion of the welfare state was called into question at the end of the 1980s that initiatives to create health-sector co-operatives resurfaced. Within ten years, from 1989 to 1999, more than sixty co-operatives—directly or indirectly related to health care—would be created. These two elements—the state's role and way co-operatives have come to the field of public health—bear further examination.

### ***A Global Context***

Questioning the role of the state is not limited to Québec, but is part of a larger movement fed by proponents of neo-liberal thought. In the name of better managing public funds and in search of increased efficiency, this movement advocates, in the majority of developed countries, a decrease in the role of government, including the health sector, with market-driven forces filling the resulting gap.<sup>6</sup> These market forces are generally recognized as being for-profit businesses. Proponents of this way of thinking believe that competition promotes more rigorous management and stimulates innovation. On the other hand, introducing market thinking to health care, and limiting the role of the state, is probably impossible without causing socio-economic segregation. It is likely that rapid, high-quality service would be available for those who could afford it. Others would receive second-rate services, and in some cases, people would totally lose health-care services. The case of the United States, where more than 40 million citizens are deprived of health insurance,<sup>7</sup> illustrates the consequences of such an approach. So, is there a way of ensuring universal access to health care without perpetuating the hegemonic and absolute role of the state, especially given repeated criticisms of bureaucratization, inefficiency, lack of a client-centred approach, and lack of creativity? There are no simple answers, but the question cannot be asked from a simple reductionist, free-market stance, for several important factors might be missed.

Several countries, such as Japan, Brazil, and Spain, have developed initiatives to offer services coming not from the public sector, nor from the market-driven sector, but rather, to use the current term, from the third sec-

tor—the social or co-operative economy. These organizations, often having co-operative status, are driven by user need rather than by a desire for the maximum return on the capital invested. The goal is to satisfy user needs while adhering to the following principles:

1. Respect for democracy;
2. Absence of discrimination (the principle of free and voluntary membership); and
3. Building and maintaining roots in the community.

Because the notion of co-operatives is directly aligned with notions of the common good and public interest, the United Nations (UN) undertook a vast, worldwide study of the co-operative phenomenon in the health-care sector. The resulting 1997 report painted a massive canvas of the different experiences, methods of development, and advantages of health-care co-operatives.<sup>8</sup>

Using the wide variety of cases investigated, the authors constructed a classification table that describes all the types of co-operatives and their activities. The place of a co-operative in this diagram is determined by the degree to which health and individual care enters into its activities (i.e., its degree of commitment to health and social care). The result is a concentric diagram starting from a central core and spreading to two rings moving out from the centre (Figure 1, overleaf). Using the typology of this diagram, Québec experiences from the past ten years were gathered, classified, and collected into a document to be published in 1999 by the Guy-Bernier Chair in Cooperation at the Université du Québec à Montréal (UQAM).

### ***The Situation in Québec***

Before presenting specific cases, it should be noted that since 1997, Québec legislators have authorized the creation of what are called coopératives de solidarité (joint community co-operatives) under the law respecting co-operatives. Drawing from legal provisions current in Spain<sup>9</sup> and Italy, this regulation allows for the creation of co-operatives having three types of members: users, workers, and individuals or organizations sharing the *raison d'être* of the organization.<sup>10</sup> Joint community co-operatives may well ensure better representation for those involved.

The co-operative portrait of Québec begins with the central core illustrated in Figure 1, using the terms described by the United Nations in Figure 2 (on page 160). This paper uses only three categories out of five, category 1.3 being co-operative pharmacies, which are not legally possible in Québec,<sup>11</sup> and category 1.5 not applying to Québec because health-care services are universally financed.

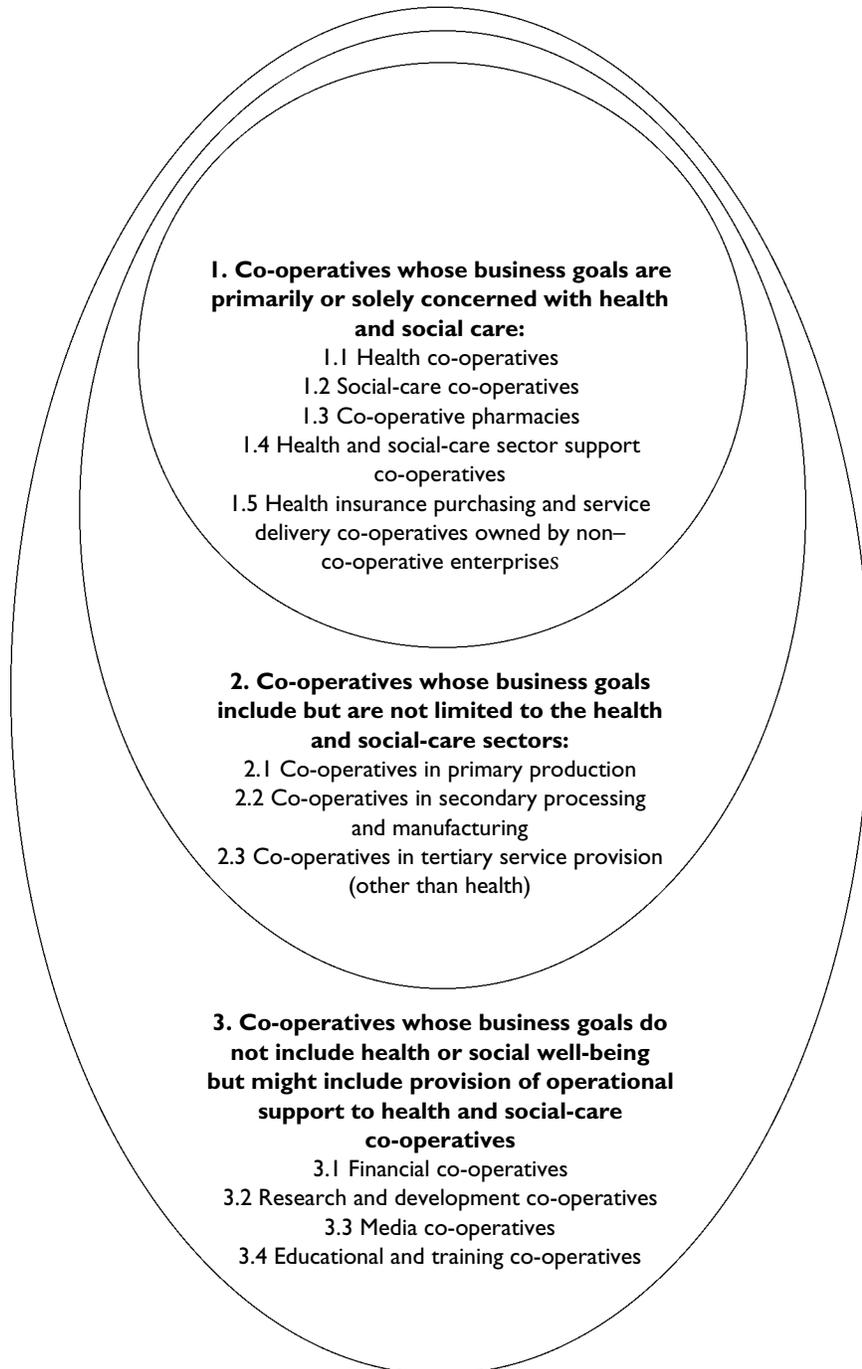


Figure 1: Typology of Co-operatives According to Their Commitment to Health and Social Care (Source: UN 1997)

*Health Co-operatives*

Co-operative health-care services, or simply, health co-operatives, have been in operation in Québec since 1995. Responding mainly to a context in which there is a shortage of primary health services,<sup>12</sup> these co-operatives, of which there are three, can offer health services directly or lease space to health-care professionals who come to the region to practise. The most established of these co-operatives, located in St-Étienne des Grès (near Trois-Rivières), presently houses about ten doctors, and has a main clinic and a health-care service centre. These co-operatives are user-based, although new or existing projects could eventually take the form of joint community co-operatives. Co-operatives currently in operation have not, however, integrated social aspects of user care such as prevention and on-site intervention into their services. In fact, because of the kind of services they offer, these co-operatives more closely resemble private, market-driven clinics than the type of health co-operative found in Saskatchewan. Nevertheless, they offer several advantages common to the co-op formula,<sup>13</sup> such as free access, democracy, and control by local residents.

In the Québec City region, a joint community co-operative has offered in-the-home health-care services since 1998. Bringing together teachers and students in a public college nursing programme, as well as practising nurses, this co-operative promotes interaction between the worlds of teaching and practice. Another original characteristic is that its activities are carried out in great part on demand and serve to complement other local home-service co-operatives.

In a small village in the Eastern Townships, residents came together to form a joint community co-operative as collective owners of a residential complex which, in addition to offering housing, also provides health-care services.<sup>14</sup>

With an original formula used little throughout the world, a co-operative of ambulance technicians offers first aid and emergency transport services, and in certain cases, a call dispatch service in the region. Currently there are five such co-operatives active in six regions, creating more than five hundred jobs in total. These enterprises have worker-based co-op status. A significant part of their revenue (85 to 90 percent) comes from contracts with public health administrations. It is worth noting that these co-operatives are the result of private businesses being re-purchased by unionized workers. Union membership is maintained, workers being both co-op and union members.

For the last few years, a group of about ten professionally trained women from diverse ethnic groups in Montréal have been active in a worker-based co-operative, offering alternative medicine services such as massage therapy.

Regarding specialized housing with health services, there are two cases

of note. A group of nurses in Chicoutimi formed a worker-based co-operative to offer postoperative care in a convalescent home near a major hospital. And also operating as a worker-based co-op, a group of women own and manage an extended-care centre in southwest Montreal for people with reduced autonomy.

<b>I.1 Health Co-operatives: offering users of individual health care services:</b>	
Users:	Health co-operatives (3)
Joint (mixed or community based):	Nursing care co-operative (1)
Workers, producers:	Alternative medicine co-operative (1) Ambulance technicians co-operative (5) Convalescence co-operative (1) Extended care co-operative (1)
<b>I.2 Social-Care Co-operatives: offering individual services and health care:</b>	
Users:	Home services co-operative (25)
Joint (mixed or community based):	Home services co-operative (15) Specialized housing (3)
Workers, producers:	Home services co-operative (5) Specialized housing (1)
<b>I.4 Health and Social-Care Sector Support Co-operatives</b>	
First-level co-operatives (workers) offering services or products to organizations working in the health and social care sector:	
	Orthopedic equipment distributor co-operative (1)
Second-level co-operatives belonging to and providing products or services to co-operative networks or not:	
	Co-operative supplying health care establishments and professionals in audio prosthetics (1)

Figure 2: Co-operatives Whose Business Goals Are Primarily or Solely Concerned with Health and Social Care: The Québec Situation, March 99 (Source: Adaptation from the UN 1997 Report)

*Social-Care Co-operatives*

Social-care co-operatives in Québec have benefited since 1997 from extensive government support through financial initiative programmes, and home-care service co-operatives have thus experienced remarkable growth. From a small number in 1996, these organizations have grown to more than forty in the space of two years. It is predicted that this network will account for more than a thousand jobs by the end of 1999.<sup>15</sup>

These co-operatives operate at two levels of activities, but with a major trend in the first one—support for the elderly, including domestic and other personal services—and to a smaller extent in the second—minor health care and support with housekeeping. These organizations are divided between user-based co-ops and joint community co-ops, with a few having worker-based co-operative status.

Organized into a provincial federation in 1996, these co-operatives benefit from the support of the Mouvement des caisses Desjardins (credit unions), including the insurance affiliate Assurance-Vie Desjardins-Laurentienne, which has contributed to its growth.

*Health and Social-Care Sector Support Co-operatives*

Finally, in the category of co-operatives working in the distribution and supply of products and services, there are three enterprises in operation. One supplies a region's public health establishments with goods and services (group buying to achieve economies of scale), a second distributes orthopedic products for a CLSC, and a third does group purchasing for professionals in audio-prosthetics.

***Important Factors***

What does the future hold for these initiatives? There is no easy answer, as several variables have the potential to contribute in a variety of ways.

*Needs*

Strictly from a needs perspective, within the context of limited state resources, an aging population, and for-profit businesses concentrating on the more lucrative segment of the population, we might well see a place for co-operative services in the following areas:

- Home care, for elderly people requiring assistance and care in the home.
- Housing for elderly people who wish to live in group homes with accompanying health care and necessary support facilities.

- Primary health-care services, for residents of small municipalities who are deprived of local services because of CLSC cutbacks, doctors retiring, and a lack of private practices.

The St-Étienne formula might respond to the expectations of young doctors, in that they could rent office space, which would ensure sufficient patient numbers to be financially attractive, without having to take the risk of investing in a clinic or private health centre. This approach is recognized by at least one professional doctors' association.<sup>16</sup>

The existence of these needs was corroborated by the results of two surveys carried out in the summers of 1996 and 1998 by the Guy-Bernier Chair in Cooperation at UQAM with the collaboration of the Union des municipalités régionales de comte et des municipalités locales du Québec. Results showed that in municipalities of less than ten thousand people, needs were consistently either not addressed or poorly addressed when it came to primary health care, services to individuals, and specialized housing.<sup>17</sup>

Satisfying these needs could be achieved through an integrated network of accompanying development organizations: regional development co-operatives (RDCs). The participants in a working forum on the presence of co-operatives in the health-care sector, organized by the Conseil de la coopération du Québec (CCQ) in the fall of 1998,<sup>18</sup> recognized that a network of RDCs, working at the local level, would make it possible to implement a strategy for promoting co-operatives in the sector. The involvement of RDCs could allow for greater co-operation and more efficient division of tasks among various projects. Once this was accomplished, as suggested in the report to the United Nations, the co-op movement would be increasingly recognized as a viable alternative to the privatization and commercialization of health care, focussing as it would on greater flexibility and organizational efficiency.<sup>19</sup>

### *Resistance*

This movement, however, has met with resistance. The techno-bureaucratic machine in the health-care sector and union organizations representing employees in the civil service have not looked favourably on the presence of co-operatives, at least in the areas of personal health care and direct provision of health-care services. Unions fear two things—first, an ensuing unimpeded acceleration of privatization and a subsequent reopening of the universal access question (i.e., increasing private investment as a part of overall health-care financing, which grew from 15 to 33 percent in ten years);<sup>20</sup> and second, job substitution, that is, co-operatives taking over jobs now belonging to the public sector.<sup>21</sup> The Mouvement Desjardins is watched closely. Their role as managers of the tax-credit programme for home-service users, for example, has been seriously called into question.<sup>22</sup>

*The Potential Role of the Private Sector*

In fact, unions are now calling for a major return to public involvement in the health-care sector, given that the Québec government has now attained zero deficit spending. They recognize a place for co-operatives, however, only in peripheral activities such as laundry, food service, and emergency transportation,<sup>23</sup> under the rubric of home service, solely for domestic work and not for assistance or care, the latter areas, according to the union, being the responsibility of CLSC employees. For these organizations, as for other major players, the state has in recent years lacked transparency with regard to health care. While supporting, because of past achievements, the importance of a public health system, the state, through its move to ambulatory care and its severe programme of financial restraint is, according to these organizations, encouraging a quiet move to privatization. The unions, therefore, are calling for a wide-ranging public debate on the type of health system expected by the Québécois. In response to these comments, the Ministry of Health in the fall of 1998 broadened the discussion by creating a task force on the potential role of the private sector in the objectives of the public health-care system. Comprised principally of people from outside the health profession, this group is working to shed some light on the nature and development of health-care spending financed by the private sector, and to establish parameters for private-public collaboration.<sup>24</sup> Its report is to be submitted some time in 1999.

*The Position of the Co-operative Movement*

The co-operative movement's position on the health system is ambivalent. It expresses both its understanding of the union position<sup>25</sup> in order to maintain good co-operative-union relations, and its need to be proactive in the health-care sector. A recent document illustrating the co-op movement's vision of where the health-care system should be headed was adopted in March 1998 by the Co-operative Council of Québec (see appendix). This document reaffirms the state's central role in funding and contends that the co-operative formula, in the area of health-care services, is an organizational model that allows for substantial sensitivity to the needs of different localities, having flexibility of adaptation and the ability to promote responsible use and responsible provision of services.<sup>26</sup>

*The Importance of User Participation*

The importance of user participation is echoed in the line of thought coming from the United Nations's 1997 report and reiterated since in the report of the secretary general at the 37th session of the Economic and Social Council held in February 1999. In addition, Koffi Annan insists on the importance of

user and local-administration involvement with regard to health-care services,<sup>27</sup> and the argument does not stop at mere financial considerations, but must include social aspects. In a context where public organizations have become dehumanized, distanced to the point that citizens feel dispossessed and indifferent, means must be found to give back a voice and power to users. “The call to be an active citizen is imperative, for it contributes to the strengthening of the social cohesion of the country [Canada],” affirm the authors of a recent report submitted to the government of Canada in 1998. It is important to encourage citizen participation in the formulation of policies, the establishment of goals, and the determination of how health services are to be offered. For some, it is a significant condition for strengthening people’s sense of belonging, giving a meaning to local development.<sup>28</sup> For the essayist John Ralston Saul, this space for democracy must be widened as quickly as possible. The rediscovery of a society of involved citizens such as that of ancient Athens, so praised by Socrates, is also essential to a civil society’s liberation from the dictates of various forms of corporatism, be they professional, union-based, or bureaucratic.<sup>29</sup> The principles of the co-operative movement, such as democratic member control, offer just such an alternative.

## ***Appendix***

### ***The Cooperative Council of Québec’s Vision of the Health-Care System***

- Agrees with the conclusions drawn by the National Forum on Health concerning the determining factors for the health of individuals, believing that socio-economic factors influence health as much as the availability and quality of health services.
- Believes, as numerous studies show, that public welfare and collective interest requires that the state maintain central responsibility for financing and regulating health-care services. Universal access to health care must not be placed in question.
- Believes that the provision of services must not, whenever possible, be motivated by profit but rather by the interests of users and the respect and recognition of health-care professionals.
- Believes that the co-operative formula, in the area of health-care service, has proven to be an organizational model allowing for immense sensitivity to the needs of different milieu, showing adaptive flexibility and promoting responsible action on the part of users and providers. The council believes that the community co-operative model could permit new and productive balance among all concerned.
- Perceives the development of health-sector co-operatives as a result of people from diverse milieux expressing their will to seek solutions to their needs for access and control of health services, and not as a means of questioning government’s

role in the health system as defined above. Indeed, within projects to create new co-operatives, the council encourages partnerships with public organizations.

- Seeks to share with others involved in the social/health system its vision of health-system organization.

Adopted by the board of directors of the Cooperative Council of Québec in March 1998.

### **Endnotes**

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5. Yvan Comeau and Jean-Pierre Girard, "Analyse comparative de différents types d'organismes offrant des services de première ligne en matière de santé," *Cahier de recherche* no. 0997-086 (Chaire de coopération Guy-Bernier, Université de Québec à Montréal, 1997).
6. Organisation de coopération et de développement économique (OCDE), "La réforme des systèmes de santé. La volonté de changement," *Études de politique de santé* nos 4 et 8 (OCDE, 1994, 1996).
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8. United Nations (UN), "Report of the Secretary-General, Economic and Social Council Follow-Up to the World Summit for Social Development: Priority Theme: Social Services for All," 1999.
9. The imposing Cooperative Mondragon is in part composed of multiple shareholder co-operatives such as the financial sector, the Caja Laboral, and in the area of health insurance, Lagunaro.
10. Éditeur officiel du Québec, *Lois sur les coopératives L.R.Q.*, chapitre C-67.2, 1998.
11. The professional code states that a pharmacy must be owned by a pharmacist.
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13. Ibid.
14. Jean-Pierre Girard and Claude Quintin, "L'option coopérative: un partenariat de choix avec le système public de santé au Québec," *Mémoire* présenté devant le Groupe de travail sur la complémentarité du secteur privé dans la poursuite des objectifs du système de santé au Québec, février 1999.
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16. Fédération des médecins résidents du Québec (FMRQ), "Les coopératives de santé," *Le Bulletin*, 20 no 3 (mars 1998).
17. Jean-Pierre Girard, "État de la disponibilité des services de santé au Québec, une

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18. Conseil de la coopération du Québec (CCQ), "Actes de la journée d'étude du 8 octobre 1998 sur le développement coopératif dans le domaine de la santé" (CCQ, 1999).
  19. United Nations. *Co-operative Enterprise in the Health and Social Care Sectors: A Global Survey*. 1997.
  20. Groupe de travail sur la complémentarité du secteur privé dans la poursuite des objectifs du système de santé au Québec, "Document de consultation," 1998.
  21. Gérald Larose et al, "Remettre les CLSC au centre des services de première ligne," *Le Devoir*, 7 janvier 1999; and Gérald Larose and François Aubry, "La Confédération des syndicats nationaux et l'économie solidaire au Québec," *La revue de la CFDT*, 1998, 38-46.
  22. Jacques Fournier, "Vers une déresponsabilisation du secteur publique," *Le Devoir*, 22 mars 1999.
  23. The Confederation of National Unions, through the intermediary of a group of counsellors in management and development, supported the creation of the majority of ambulance technician co-operatives as well as the work co-operatives, which run both a housing centre and an extended-care centre.
  24. Groupe de travail.
  25. CCQ, 1999.
  26. CCQ, "Vision de l'organisation du système de santé, document adopté par le conseil d'administration," mars 1998.
  27. UN, 1999.
  28. Social Cohesion Network, "Re-Kindling Hope and Investing in the Future," *Report of the Social Cohesion Network to the Policy Research Committee*, Private Council, Government of Canada, 1998.
  29. John Ralston Saul, *The Unconscious Civilization* (Free Press, 1997).



*I am very strongly of the opinion myself that the solution of our marketing difficulties is the biggest immediate problem that we have, and I am also very strongly of the opinion that the solution of that problem runs along the lines of the farmers organizing a co-operative association, owned and controlled by themselves, especially when it seems almost beyond the region of possibility that we can get a national marketing scheme underway. I think there is quite a feeling in many quarters that the farmers' organizations have been playing politics with this question, and that they have been dilly-dallying in a manner that will never get the farmers anywhere in the solution of this question.*

A.J. McPhail in a letter to Violet McNaughton, 2 May 1923, in Harold A. Innis, ed., *The Diary of Alexander James McPhail* (Toronto: University of Toronto Press, 1940), 40.

# *New Generation Co-operatives and the Canadian Wheat Board*

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## *Introduction*

**F**armers in western Canada have a long history of marketing their products through co-operative and group-marketing approaches. The marketing of wheat and barley, for example, is carried out by the Canadian Wheat Board (CWB), a group approach to marketing with many co-operative features. Currently, there is growing interest in western Canada in the potential role of New Generation Co-operatives (NGCs) as a tool for farmers to increase profits by moving up the value chain. This paper examines some of the issues around the emergence of NGCs in the wheat and barley sectors. It focusses on the interplay between these new instruments for co-operation and the CWB, an established instrument for co-operation.

In the past ten years, there has been an explosion of a new generation of co-operatives in Canada's neighbouring states of North Dakota and Minnesota. Several of these initiatives have been very successful, leading many Canadians to want to duplicate this success. To date, however, Canadian legislation, both federal and provincial, has not easily accommodated NGC formation. Accordingly, several provinces are in various stages of revamp-

ing their co-operative legislation, and new federal legislation, which applies to co-operatives chartered federally, was passed in December 1997. In short, a legislative climate now exists or is about to exist in several provinces, which will better accommodate the establishment of NGCs. In addition, the current political climate will further encourage and foster their development.

*Are NGCs Relevant to CWB Grains?*

NGCs have most often emerged in sectors where there are not established and efficient product or commodity markets, which is the case with buffalo or ostrich, for example. In contrast, grain markets tend to be well established and efficient. As well, the economics of location for grain processing such as flour milling, malting, and pasta production often favour the positioning of these plants close to centres of consumption rather than where inputs are produced. Accordingly, it might be argued that the interest in establishing NGCs for CWB grains will be limited.

It is true that the markets for CWB grains in a North American context are, by and large, established and efficient, and also that NGCs have most often been successful in niche markets that have not attracted the attention of the existing large processors. But there are important exceptions, such as the durum sector in the United States, where the new generation co-operative Dakota Growers Pasta Company, which began production in 1993, has become one of the big players. It is clear that the economics of location are not the sole determining factors for the success of processing ventures. This success in the United States has stimulated interest in NGCs in western Canada and this interest includes CWB grains, particularly the processing of durum wheat into pasta. In one case, the proposed NGC would draw grain from producers in both Canada and the United States, with the processing facility potentially located on either side of the border. There may also be interest among producers in owning processing facilities even if they are located outside the grain-growing region. Another US grain co-operative is United Spring Wheat Processors, which became operational in 1999. It is interesting to note that United Spring Wheat Processors, unlike Dakota Growers with its plant in North Dakota, will be locating its facilities close to large population centres. The economics of location are more pronounced in the case of United Spring Wheat, which will market frozen and partially baked dough for specialty breads.

In short, NGCs already have an impressive track record in the bread wheat and durum sectors in the United States, and there is growing interest in the development of NGCs in western Canada. CWB responsibilities, which are discussed later in this paper, include the pricing and sales of wheat, durum, and barley destined for food use in Canada, and for all uses in the United States. The CWB has been trying to encourage value-added processing initiatives.

New Generation Co-operatives in CWB grains represent not only value-added initiatives but also producer-driven initiatives, and unless the CWB finds processes that support and strengthen these initiatives, it will be seen to be standing in the way of value added. The challenge for the CWB is as follows: How can the mechanics of the CWB be meshed with those of NGCs, and how can this be done in a manner consistent with the key principles underlying CWB values and operations?

### ***New Generation Co-operatives***

#### *What Are New Generation Co-operatives and Why Are They Important to Farmers?*

Many NGCs have been formed in North Dakota and Minnesota during the past ten years.<sup>1</sup> The key features that distinguish them from conventional co-operatives are delivery rights and closed membership. They are primarily value-added processing ventures financed by up-front member investments and borrowings. Farmers invest in the processing plant in proportion to the amount of the commodity they are prepared to commit to deliver to it. Membership is limited to these farmers.

There are several interrelated motivations that may drive a farmer's interest in NGCs:

1. To create a market or processing demand. In this situation, an established and efficient market does not exist, and a market acceptable to producers would not exist in the absence of the NGC. This is often the compelling motivation in the case of niche products such as ostrich, where large processors are simply not interested, and where the perceived risk and uncertainty discourages smaller investors.
2. To firm up the local basis by increasing competition for the producers' commodity. Basis is the difference between the local market and a distant central point. If established markets are distant, costly, or characterized by imperfectly competitive transportation markets, then an increase in local processor demand will boost farmer returns. Higher bids at the local level will increase returns and/or reduce price variability.
3. To capitalize on producer-related marketing niches such as organically grown products and identity-preserved products. Associated with this motive may be first-mover advantage.
4. To capture a greater share of the consumer dollar for the processed product by integrating upward. If efficient markets already exist for the farmers' commodity, there is little that distinguishes the farmer

from any other investor, other than perhaps an integrated view of quality between the farm and the processing plant.

5. To create economic activity and jobs in the local community. Increasingly, farmers recognize that basic services and quality of life suffer if communities are not viable. This is usually of secondary importance, in that communities benefit from viable NGCs; community motives in themselves, however, do not create viable NGCs. This does suggest that community and political leaders may at times be over-enthusiastic, but on the other hand, it supports the notion that public input is warranted in encouraging and assisting the development of NGCs.

There are three key points to understanding New Generation Co-ops and their potential interface with the CWB.

First, the owners are the users. These users provide equity financing in proportion to their use of the facility. For example, a farmer may want to own 2 percent of the plant capacity to match the amount of commodity she/he wishes to deliver to the plant. In this case the farmer must be prepared to provide 2 percent of the equity financing by purchasing 2 percent of the NGC shares.

Second, NGCs usually integrate the farmer into the processing sector in a way that enhances the overall profitability of the farmer's primary production. Producers will ultimately be paid for their commodity (wheat, corn, etc.) according to its value as a processed product. That is, the value of the processed product sales minus the cost of processing minus the initial payments equals the processing dividend to be distributed among members. Note that this dividend can be broken down into two components: the balance of the product value (market value minus initial payment) and the underlying return to processing.

Third, delivery shares are transferable and tradable through some mechanisms sanctioned by the board of directors. Thus, producers can usually leave the NGC by simply selling their shares. The value of these shares can fluctuate and is determined by the buyer's view of how much they will add to the profitability of his/her operation.

Once established, financial operations are often similar to CWB pooling, with an initial payment on delivery to the NGC, followed by a year-end dividend, by which earnings after expenses are distributed to members. Pooling is often key to risk management. In most cases, producers do not determine when they deliver; this is arranged by the NGC. Accordingly, all producers usually receive the same price and are not penalized if the mill happens to call in their product after a drop in prices. This risk management of the initial price is key to understanding the CWB/NGC interface, if the NGC operates a pooling system.<sup>2</sup>

### ***The Canadian Wheat Board: Key Features***

The Canadian Wheat Board markets wheat and barley on behalf of western Canadian farmers. The concept of CWB marketing is quite simple, although this is not always so in practice. The CWB is a single-desk, or single-channel, marketing agent for wheat and barley destined for export or for human consumption in Canada. The board's role is to get the best price for the farmer, taking into account both short- and long-term considerations.

While established as an agency of the federal government under the *Canadian Wheat Board Act*, the CWB might more correctly be described as a farmers' marketing agency. Its primary mandate is to serve farmers. There is general agreement regarding this mandate among farmers, provincial governments, the federal government, and by CWB staff. The governance structure reflects this mandate, with a majority of the board of directors elected directly by farmers. The system provides farmers the advantage of a single desk (monopoly), of government partnership, and of pooling. These features, however, also impose many constraints or disciplines on farmer stakeholders. The monopoly means that farmers of wheat and barley, for purposes other than feed, must deliver to and market through the CWB. It also requires customers to buy directly or indirectly from the CWB. Price pooling means that farmers will all participate in a fair manner in the benefits of the monopoly, in high and low price fluctuations throughout the year, and in all markets, whether premium or otherwise. Farmers receive an initial payment upon delivery, with adjustments and final payments coming later in the crop year. Price pooling also means that, because of limitations in western Canada's storage system, all farmers cannot deliver at once. Orderly access is obtained through delivery contracts and calls.

### ***The Interplay between the Canadian Wheat Board and New Generation Co-operatives***

#### *Key Problems and Constraints*

As a single-desk seller of wheat and barley, the CWB plays a central role as a supplier to the processing sector for these grains in Canada. If an NGC is the processor, this presents some unique problems, which must be dealt with if an overall solution is to be found. A discussion of these issues follows.

#### *The Holdback Problem*

The CWB utilizes an initial payment system whereby part of the price is held back. Its pooling system offers low-cost and effective risk management. It also generates cash flow, which finances inventory and replaces the CWB line

### *Memory, Mutual Aid, and the Millennium*

of credit with a surplus, thereby lowering cost and generating additional earnings. NGCs often utilize this same system. As a member of both the CWB and the NGC, without some special consideration, the producer suffers a potential double holdback problem. For example, if the initial CWB payment is seventy-five dollars for a grain with market value of a hundred dollars, then a similar holdback by the NGC would mean the farmer gets only fifty dollars on delivery of the grain.

Farmers generally do not like a holdback of funds, although they may support the practice for the health of their organization or company, whether this is the CWB or an NGC. The holdback serves two functions:

- risk management, and
- inventory and cash-flow finance.

#### *The Premium Problem*

Is the North American market—that is, the combined domestic human consumption (DHC) market and the US market—a premium market? If so, a problem exists whereby access to this market outside the CWB system provides benefits to those granted exemption, if exemption were granted. This is an explosive issue in times of US export subsidies. It serves as an excellent example of the free-rider problem often discussed in academic literature, whereby individuals get the benefit of a system or organization without paying any of the costs.

It is also important to recognize that within a crop year there will be times when spot market price is greater (perhaps considerably so) than the CWB's expected pool return (EPR). If North American returns are not premium to the rest of the world, then the spot price will be greater than the EPR about 50 percent of the time. If the North American price is premium, however, then the spot price may be greater than the EPR most of the time.

#### *The Border Problem*

If an NGC includes both Canadian and US members, deliveries by US farmers to Canada and vice versa will be necessary. Solutions will likely not include the application of Canadian regulations outside the country. In Canada these regulations include farmer safeguards (e.g., bankruptcy, quality) and CWB powers to audit inventory. Although these issues are perhaps manageable, any CWB role in the United States may be very sensitive. And there are side issues to the border problem, including the extension of any policy to include Mexico as well as the US, under the provisions of the North American Free Trade Agreement (NAFTA).

*Isn't There a Simple Solution?*

It is hoped that some simple solutions to different NGC proposals will eventually arise. At first glance, however, there is a complex interplay of many factors, some of which are known currently and some that will only be known after the fact. For example, the following price parameters (real and expected, pooled and spot) are all at play at any one time:

- CWB initial payment (and adjustments)
- CWB expected pool return
- CWB final payment (and interim)
- NGC initial payment
- NGC processing dividend
- Domestic human consumption (DHC) price, by location
- USA price, by location

It should be noted that CWB efforts in recent years to create daily DHC prices in Canada that are consistent in a spatial sense with those in the United States makes this problem much more manageable.

*Key Principles and Goals*

As a result of extensive consultation between the CWB and farmers, industry, and other stakeholders over the years, three underlying principles have emerged as guides to CWB decision making regarding the value-added sector. These principles form the basis for the 1995 recommendations by Furtan, Gray, and Ulrich in "Canadian Wheat Board Value-Added Enhancement Study." It is important to note that solutions to questions such as the NGC/CWB interface may not always completely satisfy all three principles. The principles, however, outlined below, can serve as guides or tests in evaluating alternatives.

- *CWB should have a balanced and fair approach to all producers.* While this may be impossible to fully define, examples of contrary behaviour might include providing access to a premium market for one group of producers while denying it to others; or developing new policies and flexibility instruments at the expense of one of the pool accounts. Feedback from farmers has been unequivocal on these matters.
- *CWB should have a balanced and fair approach to all processors.* Again, though impossible to fully define, it may be characterized as no special deals for one processor relative to another. Domestic processors have delivered this message clearly to the CWB and to such groups as the Western Grain Marketing Panel. It is generally felt in this regard that the CWB must be as neutral as possible when it comes to discre-

tionary decisions that influence the relative competitiveness of different processors. In other words, the rules for CWB sales into the domestic market must be clear, fair, and transparent.

- *CWB should not be, or be perceived to be, a deterrent to value-added processing.* This principle or goal is exemplified by the significant efforts the CWB has made in recent years in special value-added conferences and seminars, domestic pricing procedures, and so on. The principle might well be expressed in the affirmative (i.e., that the CWB be a driver of value-added processing on the Prairies); as a first and primary goal, however, it is important that the CWB not be standing, or be seen to be standing, in the way of value-added initiatives and the associated employment and community benefits that are seen to accompany these activities. Provincial ministers are not interested in NGCs per se; they are interested in jobs and income generation.

### ***Base Case: An NGC Located in Canada with Only Canadian Members***

Let us begin with the base case of an NGC located in Canada with only Canadian members. To simplify, assume that prices are constant, the exchange rate is constant at US\$1 equals Cdn\$1, and the current CWB marketing system is in place. This means that the NGC, as a processing plant, is an authorized delivery point like other mills. Price for processors in Canada is set by the CWB. This price (DHC price) is driven by US prices adjusted by logistical factors. This system provides prices to Canadian processors that are consistent with the price spreads in North America that would emerge if the CWB were not present. As well, the CWB provides a mechanism whereby the farmer can buy back his/her grain from the CWB. The farmer, by providing additional service, can then sell the grain to capture value above and beyond what the CWB can capture on that day. The buy-back allows the farmer to market his/her product individually, while still participating in the CWB pool by paying the board an amount that is essentially the free-rider premium. Currently, there is no exemption for farmers to opt out of the CWB system other than the “own farm, own mill, own grain” provision, which allows farmers to process grain and sell the resulting products subject to certain conditions.

#### *The Interface*

Under current procedures, the CWB/NGC interface could be handled either as a purchase by the NGC from the CWB or from the farmer utilizing the buy-back without violation of the three key principles.

*Canadian Co-operatives in the Year 2000*

*1. The NGC buys from the CWB*

In this situation, the farmer receives the CWB initial payment on delivery to the NGC, which is acting as an agent of the CWB. For example, the board's EPR is \$180 and the initial payment is \$150. The NGC pays the farmer \$150 and is reimbursed by the CWB for this amount. As a separate transaction, the NGC as a processor purchases this same grain from the CWB for the DHC price for that day.

Like all other farmers, the farmer is a full participant in the CWB pool. The NGC, like other processors, purchases grain for processing from the CWB. The NGC, like other processors, benefits from the supply assurance provided by the CWB.

*2. The NGC buys from the farmer via buy-back*

The farmer follows the buy-back process, receiving the initial payment of \$150, and pays the buy-back value to CWB. If the North American spot value is \$200, the farmer would pay \$50 to the CWB. The farmer participates in the pool, but may now market the product outside the CWB. The farmer then delivers to the NGC, receiving the NGC delivery payment, which could be an initial payment if the NGC is pooling, or it could be a settlement price. This price would be determined by the NGC itself. If the NGC operates a pool, the farmer will clearly suffer a cash-flow problem due to the double holdback by the CWB and the NGC.

*The Holdback Problem*

As stated earlier, holdback serves two functions: risk management and cash-flow financing. From a risk management point of view, a holdback system by the NGC is not necessary, since the CWB is already operating a pooling system. In this situation, there is no risk of the NGC overpaying farmers and running a deficit on its commodity procurement account. The NGC's risk management motive should be satisfied by CWB pooling alone. What is not satisfied if the NGC does not hold back funds is the cash-flow motive. This motive may not be that important, however, depending on the financial situation of the NGC, or it may be satisfied by other means, such as a levy system.

It is noteworthy that the Dakota Growers Pasta Company does not operate a pooling (i.e., holdback) system, but rather, satisfies the cash-flow motive with a levy system. Producers are paid the full current price shortly after delivery, but provide cash-flow support through regular levies that are paid back, essentially a revolving fund concept. Risk management is handled by other approaches such as matching producer delivery contracts with semolina and pasta contracts (i.e., back-to-back purchases and sales).

*The Premium Problem*

Short-term premiums of the domestic human consumption price over the expected pool return will arise due to normal price fluctuations. At times they may be quite significant, given the volatility of grain markets. This is no different from the current situation, however, except for the presence of the NGC as another processor. The price gap will be more visible to farmers who deliver to the NGC. Over time, however, gains and losses will even out, unless there is a long-term structural premium of the DHC price over the EPR. In this case, the difference could become a source of frustration because farmers will compare the price the NGC must pay the CWB for their grain against their returns for this same grain from the CWB. Problems will be minimized if the reasons for this gap are well understood and accepted by all farmers, not only those participating in the NGC.

*Variations on the Base Case*

*Variation 1: NGC Located in Canada  
with Canadian and US Members*

Under NAFTA, deliveries by US farmers to Canadian processing facilities are allowed, although freely available end-use certificates are currently required. Hence, the border should not be a problem for the northern flow of grain.

The United States is the large dominant market in North America, and prices are based on central points such as Minneapolis, adjusted for transportation and other costs. Unless US farmers receive prices for their products equal to the local market price, plus transportation costs to Canada, they will feel they are subsidizing the processing activity.

The US farmer in one manner or another will be paid a price close to the adjusted DHC price, since it reflects competitive North American values. If Canadian farmers operate within the CWB system, this means there will be two systems simultaneously in place. Even with normal price fluctuations around a common mean (spot versus EPR), there will be scope for problems and frustrations. If the annual average DHC price is always a premium to the overall CWB pooled price (the EPR versus realized returns), the NGC will have a dilemma. Its US members will be paid more on an ongoing basis for their grain than their Canadian counterparts, and these comparative values will be highly visible.

*Variation 2: NGC Located in the United States  
with Canadian and US Members*

Sales of grain to the United States can be made directly by individuals or companies. This is accomplished by means of an export license, from which the CWB is entitled to the pecuniary benefit. This is the Wheat Board's "buy-

back mechanism". Essentially, it captures an amount equal to what would otherwise be the free-rider reward.

In this situation, the NGC would pay its US members a value close to the DHC price. Canadian members would net from the buy-back an amount equal to the total CWB return paid to all farmers, since any higher amount should be captured by the buy-back. Once again, this presents the dilemma that different members delivering a like product will receive different returns. The CWB could reduce the amount of the buy-back, but this would reduce the value to the pool and might encourage price discounting of Canadian grain sold to the US by other individuals and traders, who presumably would also benefit from the lower buy-back. As well, Canadian members might be exposed to a double holdback if the NGC operates a pooling system.

### ***Future Directions***

The CWB can accommodate new generation co-operatives by exempting grain from its pooling system or by utilizing more flexible procedures within the CWB system.

### ***Exemption***

The issue of the CWB's role in value-added was examined by the CWB-funded "Canadian Wheat Board Value-Added Enhancement Study" mentioned earlier. As a result of the recommendations of this study, the CWB implemented appropriate exemptions to allow farmers to process their own grain and move the processed product interprovincially and for export. This is often referred to as the "own farm, own mill, own grain" exemption.

One suggested solution to the CWB's role regarding NGCs is to extend the "own farm, own mill, own grain" definition to include NGCs. There are advantages to this solution: it is simple; the CWB would not be seen to be standing in the way of value-added development; and the holdback problem is eliminated. As well, provincial politicians would likely support this approach since the processing plant would presumably have to be in Canada to qualify.

The main disadvantage to this solution is that the principle regarding fairness to processors is violated. Processors would argue that this special treatment not be allowed, or that everyone be allowed to play by these new rules, creating essentially an open domestic and eventually an open North American market. This system would also be criticized by farmers outside the NGC, who would argue that those delivering to the NGC have special access to the North American market and that these sales are diluting the pool values.

### ***Flexibility—Revenue Neutral***

Recent amendments to the CWB Act allow the CWB more flexibility regarding payment to farmers. The farmer currently receives initial payments and

later adjustments. With the amendments to the Act, the CWB can provide farmers with a final settlement at the time of delivery to an NGC. The approximate value of all CWB payments is the midpoint of the Pool Return Outlook (PRO). A settlement of this nature would be revenue neutral to both the pool and the farmer vis-à-vis the current system, providing the farmer with immediate settlement and eliminating the prospect of a double holdback of funds. This situation compromises neither the farmer nor the processor principles. However, the CWB may for these very reasons be perceived by some as not going far enough to encourage value-added processing. Communication is important so farmers understand the realities of these trade-offs.

*Flexibility—Not Revenue Neutral*

The CWB can use its enhanced powers to allow the farmer to receive a return other than the pooled return. For example, separate accounting could reflect the value of NGC purchases (the average DHC price weighted by NGC purchases) back to the NGC member. In this situation, the NGC would still purchase at the DHC price, but farmers participating in the NGC would essentially receive a DHC-weighted value for the volume contracted to the NGC. The farmer principle would be compromised, but this approach might be seen as reasonable in order to encourage value-added processing.

***Concluding Comments***

Farmers in western Canada have a long history of marketing their products through co-operative and group marketing approaches. In the case of wheat and barley, group marketing is carried out via the Canadian Wheat Board, although new co-operative and institutional approaches are emerging. This paper has examined some of the issues surrounding the emergence of New Generation Co-operatives within the CWB system. This examination has identified several important considerations:

- The advent of New Generation Co-operatives will result in a different type of business entity emerging in western Canada in the future. There are already some modest beginnings. In addition, legislative changes and political enthusiasm at the provincial level will encourage further initiatives.
- A special case for the NGC is CWB grains—wheat and barley. Two unique situations exist in this environment. First, there is already a pooling system for these grains, which creates a potential cash-flow or holdback problem for producers if NGCs hold back funds as well. Second, there is a premium market in North America in some of these grains, which creates a significant free-rider incentive that may be masked by other factors in the case of the NGC.

- The CWB pooling system provides an NGC with risk management that eliminates the need for an NGC pooling system for risk management reasons. However, NGC pooling systems often provide cash-flow finance that may be important to the firm. Other approaches to the cash-flow question are possible.
- Three principles guide the CWB in making decisions that influence value-added processing. First, the CWB should have a balanced and fair approach to all producers. Second, the CWB should have a balanced and fair approach to all processors. And third, the CWB should not be, or be perceived to be, a deterrent to value-added processing.
- There is strong consensus that the second principle should not be compromised. In the case of the first principle, however, there is support for flexibility, particularly for farmer-owned processing facilities processing the farmer's own grain. Revenue neutral approaches might provide participating farmers with earlier settlement and enhanced cash flow without altering total returns. A stronger form of flexibility might provide participating farmers with a return equal to the prices paid by the NGC to the CWB. In this situation, if the North American market is premium to world markets, participating producers would capture the premium more fully than nonparticipating producers.
- Special problems arise in the case of a cross-border NGC. Exemption from the CWB system, introduced to allow equal participation and treatment of Canadian and US members, violates the principles of fairness and balance to both producers and processors. In the absence of exemption, participation in a US-located NGC is unlikely to be attractive to Canadian members. For an NGC located in Canada, in the absence of exemption or some other revenue equivalent approach for producers, there will at times be highly visible and sensitive differences between the realized differences paid to Canadian versus US members.

In short, an all-Canadian NGC located in western Canada could operate within the existing CWB structure. This approach could be enhanced by revenue-neutral approaches made possible by recent amendments to the CWB Act. Non-revenue-neutral approaches could also be viable if adequate producer support exists. In the final analysis, an NGC is not different from other processing ventures owned by farmers and/or other investors. The special case of an NGC located in either Canada or the United States with both Canadian and US members would face unique and not fully resolvable problems if North American prices are premium to the rest of the world. In all

cases, a high level of communication between the CWB and its farmer stakeholders is essential.

**Endnotes**

1. For a detailed description see Brenda Stefanson and Murray Fulton, *New Generation Co-operatives: Responding to Changes in Agriculture* (Saskatoon: Centre for the Study of Co-operatives, 1997).
2. Some will argue that the initial payment is not only a risk management tool, but is also an important competitive tool for the NGC, because the initial payment hold-back finances the inventory and cash-flow needs of the firm. For a plant with multiple turns of inventory, depending on the final settlement period and process, this can be a significant if not powerful financial lever.

This paper also made use of the following reference material not specifically quoted in the text: Furtan, H., R. Gray, and A. Ulrich. "Canadian Wheat Board Value-Added Enhancement Study." Unpublished study available from the Canadian Wheat Board, 1995. Stefanson, Brenda, Murray Fulton, and Andrea Harris. *New Generation Co-operatives: Rebuilding Rural Economies*. Saskatoon: Centre for the Study of Co-operatives, 1995.



*Protest against the National Policy of John A. Macdonald, which led to the Agrarian Revolt, needs reclaiming today as national and provincial governments reverse the farmers' past victories. The Crow's Nest Pass Agreement—the Magna Carta of prairie farmers—is now gone. The Canadian Wheat Board and other marketing agencies are being threatened in the name of free trade. The co-operative movement remains, but because co-operators have lost their history, the Co-op is becoming just another retail chain.*

Ben Smillie, *Beyond the Social Gospel: Church Protest on the Prairies* (Saskatoon: The United Church Publishing House and Fifth House Publishers, 1991), 48.

## *From Canada to Senegal*

### *Serving African Women*

*Paule Drouin  
Sandra Mamodhousen  
Ghislain Paradis*

#### *Développement International Desjardins and Microfinance*

**I**n the last few years, microfinance has become a privileged tool of donor agencies in their fight against poverty. It has been shown that lending to the poor creates jobs. This type of lending helps an individual rise out of poverty, while the creation of a new job stimulates local economic development and lightens the load for government, which often bears responsibility for these individuals. The first Microcredit Summit, held in Washington in February 1997, represented a significant turning point in understanding the importance of microfinancing activities.<sup>1</sup> Furthermore, World Bank leadership in this field, thanks to the creation of the Consultative Group to Assist the Poorest (CGAP),<sup>2</sup> has allowed many decision makers to become aware of the effectiveness of this approach in the sector. As well, the Canadian International Development Agency (CIDA) has permitted Canadian stakeholders to play a creative role in this field.

Throughout the world, we are witnessing the promotion of microfinancing activities in countries in development or transition, as well as in developed countries. Several more vocal organizations have demonstrated their ability to obtain significant results. Organizations most often cited include the Grameen Bank (Bangladesh), Bancosol (Bolivia), BRI (Indonesia), and Finca and Accion, which operate in several countries.

What is less known, however, is the work accomplished by savings and credit co-operatives such as the Canadian Co-operative Association (CCA) and Développement International Desjardins (DID). Well before the rise of these

nongovernmental organizations (NGOs), these co-operatives had set up networks around the world aimed primarily at offering financial services to those who did not have access to traditional banking systems. As such, DID has always encouraged microfinance in its many forms—consumer credit, farm loans, manufacturer loans, village credit unions, etc. Savings and credit co-operatives have recognized that access to financial services is an effective and sustainable development tool that creates self-employment among the most disadvantaged.

DID has maintained a leadership position with regard to its main technical expertise: support for savings and credit institutions (network start-ups, consolidations, and restructuring) and microenterprise support and financing, with the aim of reducing poverty and ensuring the sustainable development of economically underprivileged populations in developing countries. DID's development programmes are primarily focussed on supporting the development of strong and viable privately owned institutions capable of taking their own development in hand, while at the same time mobilizing the local community. At present, DID has partners in twenty-seven countries, on four continents around the world (Africa, Latin America, Caribbean, Asia, and central and eastern Europe). It supports more than fifteen financial networks throughout the world, which constitute 2.5 million members and assets of CAN\$2.2 billion. DID's involvement has influenced local economic development, assured sustainable development through the implementation of savings and credit programmes for the poor, and assisted in strengthening its partners in developing and emerging countries.

In order to have a better understanding of DID's commitment to microfinance activities, let us illustrate DID's involvement in Africa and how it has focussed on serving African women.

Développement International Desjardins (DID) belongs to Mouvement Desjardins, the fifth largest banking group in Canada. The Mouvement Desjardins provides financial services throughout Québec as well as in three other Canadian provinces. It is composed of 1,240 local caisses populaires (savings and credit co-operatives), and has attained a penetration rate in excess of 75 percent of the population of Québec, with 5.4 million members out of a population of 7 million. It is the largest private employer in Québec, with approximately 42,000 employees, 17,000 elected administrators, and assets of more than US\$50 million. It also owns twenty other corporations specializing in financial services (savings, credit, investment, insurance, trust, brokerage, transporting currency and securities, and pay systems management).

### ***Développement International Desjardins in Africa***

DID has been involved with many partners from the African continent for more than twenty-five years, and is currently working on various projects in twelve African countries. Since the beginning of its operations, DID has offered technical support in fields such as savings and credit products, farm-product marketing, development of microenterprise, women and financial services, and the legal framework of financial institutions.

Access to better financial services for women has always been a priority for DID, since women constitute a sizeable portion of those excluded from the traditional banking system, but make up only 0.2% of the clientele of financial institutions. They represent an important potential for creating self-employment. It is a well-known fact that women constitute the majority of the poor on all continents. Credit empowers women, enabling them to make economic decisions, and helps increase family income as well as the quality of life of their children. Programme after programme has shown that women have an extremely high payback rate of nearly 100 percent. A decade of research also shows that women tend to have better repayment rates than men and are more likely than men to spend their increased income on their families' nutrition, health care, and education, thus improving their families' quality of life and creating brighter prospects for the next generation.

DID has attempted from the beginning of its activities to provide better access to financial services for women. The approach adopted is based mainly on integrating highly innovative financial services aimed at and designed to meet the specific needs of women within already existing networks of savings and credit co-operatives. As such, the products take advantage of a joint guarantee and step-by-step approach that makes credit more accessible. Moreover, these institutions, soundly based and integrated into the milieu, provide a framework for growth through programmes offering women access to financial services. Setting up these services for women also means a significant increase in the participation of women as managers in governing these institutions. DID has always believed that programmes aimed at women should reinforce their capacity to take their own development in hand. To achieve these goals, diverse programmes have been developed to fulfill the specific needs of women living in urban and rural areas of Africa.

### ***Village Banking in Africa***

Loans groups, a new concept inspired by village banking, allow four to six solidarity groups made up of four or six women to join forces to borrow from the co-operative. This programme aims at providing financial services to women in extreme poverty and linking those services to education for better health, nutrition, and family planning. These financial services include

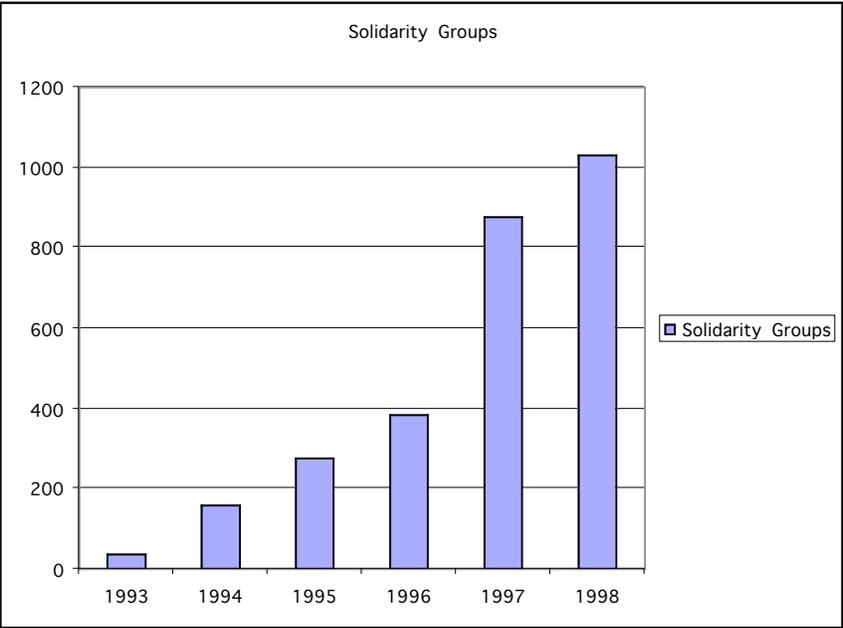
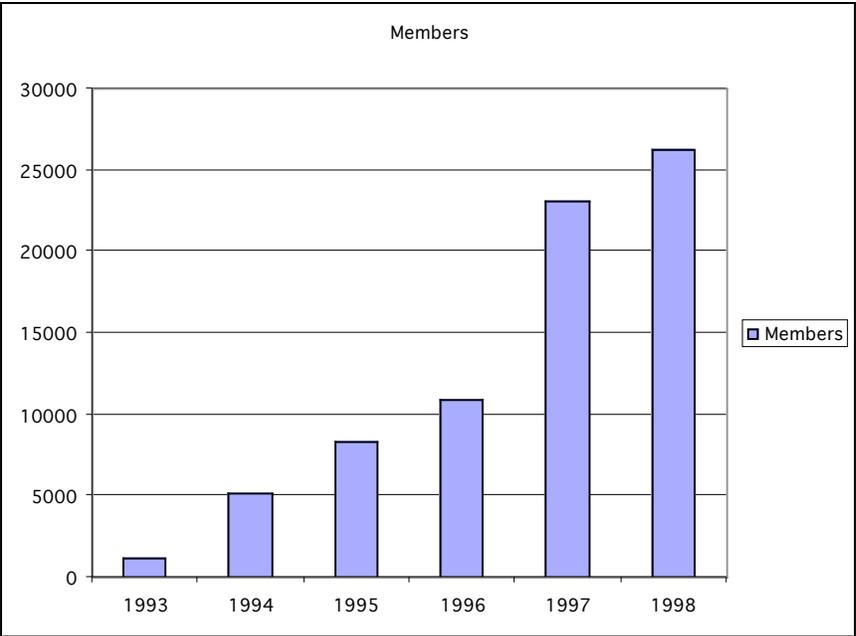
both borrowing and saving opportunities, so that women can invest in their own small businesses and be prepared for emergency needs. The educational aspect focusses on health, nutrition, and business practices that are within the women's power to adopt and control. Thus, weekly meetings are organized with the field agent, who goes from village to village, rural women often being incapable of travelling to the city or leaving their daily duties. During these meetings, savings are collected and training given. The loan obtained is shared among the women according to their individual needs (on average, CAN\$62 to \$125 per woman) and monthly repayments are made on the amount due.

It is also possible for these women to gradually increase their operating funds and take advantage of the services of a programme officer, who helps with managing the loan and developing business activities. In this case, joint liability among solidarity groups is the only type of guarantee required, and it has become increasingly successful in village banking models. In other cases, such as the entrepreneurs savings and credit co-operative models in Mali and Senegal, physical guarantees are more important.

The phenomenal results from the implementation of the village banking programme in Burkina Faso<sup>3</sup> are shown in the graphs on the facing page. From 1993 to 1998, the number of women involved in village banking has grown from 1,203 to 26,201, which represents an average annual increase of 4,166 women, with a loan portfolio of more than CAN\$8 million and a delinquency rate of less than 5 percent. The programme is equally successful in Mali. In February 1998, it included 7,000 women associated with 440 groups. In May 1998, the programme included 502 credit unions, reaching nearly 13,000 women. In three years, the value of loans made rose to US\$2.5 million, a staggering rate of growth. In addition, the number of solidarity groups has grown from 38 to 1,033 in six years.

#### *Village banking in Burkina Faso*

In Ivory Coast, another type of service<sup>4</sup> ensures financing for women's business projects. Women entrepreneurs are helped to formulate business goals, and receive training in management and commercial techniques. Urban women entrepreneurs are the major beneficiaries, either individually or in solidarity groups of about five to six people. This service is offered through specially trained officers from savings and credit co-operatives. Whereas village banking seeks to bring new products to the poor rural population, this effort brings local residents to the co-operative. The number of loans granted is also higher, and the average loan is CAN\$200 compared with CAN\$62 to \$125 per woman in village banking programmes.



Source: Graphs here and elsewhere in this chapter are derived from unpublished documentation from internal DID sources.

***Women and Financial Services: Senegalese Women***

DID has worked successfully to improve the financial services offered to women in Senegal since 1995. The project was undertaken primarily because it was apparent that although women in Senegal invest massively in the informal economy, accounting for 46.4 percent of active participants in this sector, their economic activities may be characterized most often as unstable and undercapitalized. An additional handicap hindering economic development activities is their inability to make effective use of formal financial institutions for savings or loans. Programme activities are therefore aimed primarily at urban zones around Dakar (Pikine and Rufisque), where the poorest are located. The programme is intended for women who, as individuals or in groups, would like to obtain loans to strengthen their economic activities, but who are unable to do so due to their inability to meet the loan eligibility requirements set by the mutuals. Those who do meet the requirements must apply directly for the regular service, which offers new loans that could be made without the involvement of a particular programme.

The project goals are twofold and intertwined:

- To consolidate and develop individual and group economic activities for women through access to financial services, greater awareness, training, and other accompanying or follow-up activities.
- To create the conditions necessary to actively integrate and empower women within already existing co-operatives, which are often controlled by men.

All businesswomen do not have the same needs. Three distinct products have therefore been created to deal with the specific profile of women borrowers as well as the need for the mutuals to provide for profitable operations:

- *Loans to groups*, intended to support the economic activities of their members;
- *Individual loans* to marketplace vendors located within the mutual's territory;
- *Loans to women entrepreneurs*, or economic interest groups (groupes d'intérêt économique—GIES).

The loans to groups help businesswomen (usually from four to ten women) who are neighbours and who have known each other for years to create a group in order to obtain a loan from the co-operative. The amount obtained is shared among them, each share varying according to an analysis of individual needs. The marketplace vendors require small amounts to in-

*Memory, Mutual Aid, and the Millennium*

crease their operating funds and develop trading activities. Taking into account the instability of their operations, the amounts borrowed are usually small (CAN\$75). Each month, women reimburse the amount due and add to their savings, which are held by the group leader, who maintains contact with the co-operative and is in charge of reimbursing the co-op in the name of the group. All those who obtain loans benefit from the management advice and supervision of an advisor, who, in addition to granting loans, is also responsible for training the recipients, mainly in business management and marketing. As soon as a women receives a loan, she attends a training session followed by support service provided by the loan advisor.

The Kogondekro group is made up of forty-six women from the Ivory Coast who grow manioc. These women contracted a joint loan of CAN\$1,375 from an Ivorian savings and credit co-operative in early 1997, which allowed them to grow okra and peppers on land allocated by their village chief. "The project providing access to financial services for Ivorian women allowed us to diversify our production and we are even planning to export our produce outside the region. Our incomes are now higher and we are able to purchase plots of land and become much more financially independent. Thanks to the many skilled workers involved in the project, our working conditions have improved greatly," explains one of the members of the Kogondekro group. Since the start of the project, a total of 687 loans have been made, amounting to nearly CAN\$772,500, and nearly CAN\$217,500 have been accumulated as savings.

Group loans operate on a similar principle to that of village banking, the difference here being that women borrowers are in urban settings and training sessions deal with microenterprise rather than health and nutrition. As in village banking, however, the group guarantee for the loan makes it possible to exclude, right from the start, any potential problem participants. It should be noted that the volume of savings required for the programme in Senegal is higher than for village banking, due to the larger loans requested.

As for individual loans to women marketplace vendors, these are similar to a line of credit and have a higher ceiling, which can rise from CAN\$25 to \$250. This product has been designed specifically to compete with the usury offered in the markets. Research within the marketplaces has shown that some women marketplace vendors, although they have an account with a co-operative, consider the products unsuitable and still prefer loans from

suppliers or borrow small amounts repaid the same day at usurious rates. The loan product designed for these women is easily accessible and may be reimbursed from the savings generated. While women entrepreneurs (the third product offered) present themselves at the credit union to make a loan request, the advisor for individual loans travels to the marketplace and makes the loan request review on the spot. This proximity with the clients ensures better follow-up, regular monitoring, and helps maintain an ongoing relationship with them.

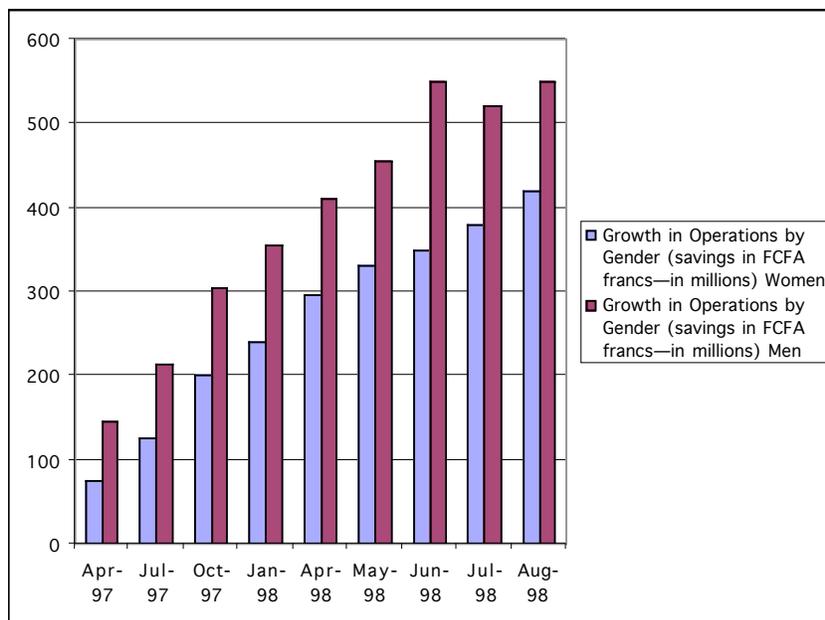
Mrs. Flatine Traoré, thirty-five, resident of the village of Zogofina and mother of three, joined the village credit union of Benkady in 1966 in order to obtain access to financial services. Since becoming a member, she has been granted a total of seven loans, the first one being for CAN\$60. This loan allowed her to sell peanut paste at the market, and more recently, to restaurants and businesses. In this manner, she was able to improve the quality of her life through the purchase of clothing, shoes, and kitchen utensils. "But the most important thing for me is that I became a businesswoman and have earned the respect of others. I have earned dignity."

The final product is for women entrepreneurs who are seeking larger loans. They are planning investments over a longer term—the purchase of new equipment, for example. These women come close to the traditional clientele for the regular loan service offered by the mutuels, but many are still excluded due to insufficient savings or guarantees. In this case, the loan product offered is similar to the regular loan for entrepreneurs, but is linked to support and counselling services and is secured by the guarantee fund. Nevertheless, it is clear that the main goal is to bring women into the credit union and not to restrict them to this unique programme. It is essential for women to be able to take control of their own development and become empowered as full members of the credit union so that they qualify for regular loans.

This initiative has experienced enormous success. Between 1 June 1997 and 31 September 1998, there were 3,044 loan requests for CAN\$15 supported by the project, and the current loan balance guaranteed in the twenty-one participating co-operatives is CAN\$550,000. A total of 10,660 women have participated (898 marketplace vendors, 683 women entrepreneurs, 8,855 members of loan groups, and 224 members of a GIE.) Loans granted average CAN\$600 per women entrepreneur, CAN\$55 per marketplace vendor, and CAN\$600 per loan group (approximately CAN\$100 per woman). The reimbursement rate is 99 percent.

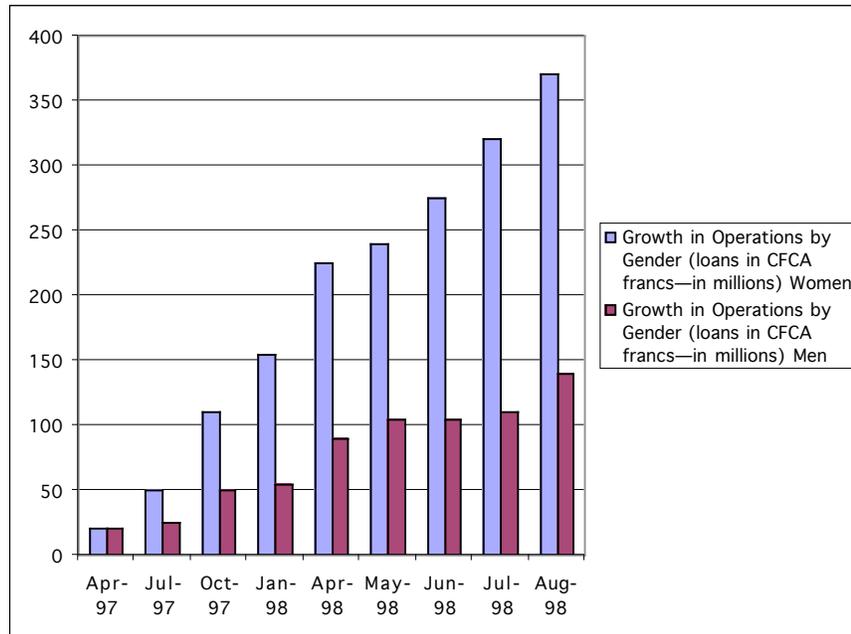
Ndeye, thirty-two, was accustomed to borrowing at often prohibitive interest rates ranging from 0.5 percent to 20 percent per day in order to sell fruit in the Pikine market. Every morning she would buy from a distributor, which required her to borrow CAN\$12. At the end of the day, she had to pay back CAN\$14 (which is daily interest of more than 10 percent). One day a loan advisor offered her microfinancing, and granted her a loan of CAN\$125 for a period of six months. This amount allowed her to finance vending operations and at the same time put aside a small amount of money to acquire a display stand.

Required savings amount to CAN\$300,000 (personal contributions and required monthly savings). The required savings system corresponds well to the savings habits that women have developed traditionally (such as *tondines*),<sup>5</sup> and help women qualify for regular loans from co-operatives. This also offers an opportunity to increase the awareness of women regarding the importance of saving and developing regular savings habits. Through this system, marketplace vendors who had been borrowing from usurers are encouraged to deposit as savings at least half of what they save after obtaining an interest rate that can be one hundred times less than they were previously paying. Since the programme has been implemented, the amounts



*Canadian Co-operatives in the Year 2000*

saved by women have clearly risen. There has also been an increase in the volume of loans granted to women and accelerated growth in savings and membership within participating co-operatives. In addition, the programme has helped mutuals reach a segment of the population that is most often excluded from traditional financial services.



***Co-operatives and Microfinance: Towards Sustainability***

The commitment to providing microfinance services, especially to women, is justified day after day in the savings and credit co-operative networks supported by DID in more than twenty-seven countries. At the end of March 1997, the networks had provided microloans totalling no less than \$546 million, with loan amounts averaging approximately US\$264. Thousands of women have benefited from the DID programme, which regularly surpasses performance indicator goals for the number and amount of loans granted and the amount of savings generated, as well as for activities affecting training, supervision, and awareness. Even more importantly, the figures demonstrate the existence of a strong correlation between access to financial services and improvement in living conditions.

DID's approach is founded mainly on linking financial services aimed at women with existing networks of savings and credit co-operatives. With strong

foundations and recognition in the community, these institutions offer a framework for the expansion of programmes and, as such, provide sustainable financial services devoted to women. Except in a few countries, where the concentration of the poor is very high, viability for institutions offering financial services exclusively to women cannot be envisaged on a long-term basis. Sustainability can be reached more easily, however, by integrating services to women within financial institutions whose clientele is more diversified, since permanent costs are then spread over a larger volume of operations. Moreover, while reaching the break-even point, microfinance products can be partially and temporarily subsidized by the positive results coming from the viable operations of the institution. By doing so, the community becomes more committed to its own development as well as to supporting women who take their own development in hand and thus occupy a more significant role in the community.

### ***Endnotes***

Note: Undocumented information in this article is taken from unpublished internal studies conducted by Développement international Desjardins. Anyone requiring further information can contact the organization directly at 150, avenue des Commandeurs, Lévis, PQ, G6V 6P8 (418- 835-2400 / info@did.qc.ca)

1. The second summit, held in June 1998, and the third, held in Abidjan in June 1999, are seen more as efforts to raise awareness.
2. CGAP was formally constituted on 27 June 1995, with the participation of ten bilateral and multilateral member donors. The founding members are Canada, France, the Netherlands, the United States, the African Development Bank, the Asian Development Bank, the International Fund for Agricultural Development, the United Nations Development Programme, the United Nations Capital Development Fund, and the World Bank.
3. Implementation of village banking was accomplished in Burkina Faso under the leadership of Réseau des caisses populaires du Burkina Faso (RCPB) and the Nyesigiso network in Mali. As well, both countries profited from technical support from Freedom from Hunger (FFH) during the first phase of implementation.
4. In collaboration with the Caisse rurale d'épargne et de prêt network (CREP network).
5. A tontine is a group, generally made up of women, who save methodically for a given period of time. The accumulated savings are usually paid out to a single person in turn or under other agreed-upon conditions.



*When the co-operative movement was given its birthright was it intended that it should be dominated by one political group, one religious sect or the male species of the human race...?*

*We believe that, up to the present time and in view of what information we can obtain, one of the serious drawbacks to progressive development has been the omission of full and equal participation by women. We must conclude that men have dominated all phases of the movement, and the women have been on the outside looking in with no invitation to enter. We believe this to be one of the major violations of the philosophy of the co-operative movement.*

From 1950 report on women's involvement in the co-op movement, as quoted in Ida Delaney, *By Their Own Hands: A Fieldworker's Account of the Antigonish Movement* (Hantsport, NS: Lancelot Press, 1985), 127.

# ***The Other Co-operators***

## *Women in Canadian Co-operatives*

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### ***Introduction***

**C***anadian women have been, and continue to be, key players in building and maintaining co-operatives in their communities, showing themselves to be committed and capable co-operators. In the retail sector in particular, women have been seen historically as “essential” to the health of the co-ops. If we couple that information with the well-known claims of co-ops to value equality and to practise democracy, it must surely seem anomalous to discover that most Canadian co-ops are male-dominated institutions. But is it really? The association of democracy and equality is quite recent. We know, for example, that classical liberals could and did, seemingly in good conscience, describe all “men” as equal, while condoning class-related limitations to the franchise, slavery, gender inequality, and so on. Feminist analyses of democratic theory note that while democracy and feminism both espouse notions of equality and oppose arbitrary power, there is no automatic bond.<sup>1</sup>*

The same can be said of co-operativism and feminism—they both value democracy, equality, and equity, yet co-ops have not fully incorporated women into these values. Neal<sup>2</sup> shows that gender equality was not a goal of early co-operatives in Nova Scotia—nor anywhere else in Canada it would seem. Indeed, for many co-operatives, the case can be made that gender inequality played a role in making possible their development and growth. Women did much of the developmental, educational, and support work,

despite not having full membership rights. While opportunities certainly presented themselves as women articulated their concerns and requests, co-operatives were not leaders in their time for the emancipation of women.

Co-ops are not leaders in promoting women's equality in the contemporary period either. Men tend to predominate in formal leadership positions in co-ops (local, regional, and national), whether we look at committee or board membership. While the representation of women has improved over past decades, and writers of co-op history are more likely to make special efforts to document women's contributions, there are continuing impediments to women's involvement. Co-op women know what these impediments are, and have ideas for change. Some co-ops are recognizing the problems and are responding to them.

This paper gives an overview of the problems women face within established co-ops, and of the leadership and vision(s) women across the country are offering for renewal and change. Emphasizing the continuity with previous generations of women co-operators, and the roles of women as volunteers and elected representatives, the paper draws on research in Nova Scotia, experience at various conferences, and the literature on women and co-operatives.<sup>3</sup> While the emphasis is mainly on English Canada, the research also draws on the Francophone literature to illustrate that this issue is not one facing English Canada alone. Indeed, the "woman question" is one being posed in co-operative circles worldwide, to greater effect in some cases than in Canada.

### ***Women's Historical Support of Co-Ops: Mutual Self-Help***

The roots of co-operatives in Canada are rich with the contributions of women, and men, who were convinced that through mutual self-help they could address their needs and concerns.<sup>4</sup> As early as 1909, an International Women's Congress in Toronto lauded co-operatives as helping women to enhance their occupational possibilities, especially in agriculture.<sup>5</sup> Women seemed to be attracted to co-ops wherever the movement, especially the consumer movement, flourished. However, their involvements were most often in a supporting role. Fairbairn identifies many involvements women had in the West, especially in the Co-operative Women's Guilds.<sup>6</sup> Neal, studying Nova Scotia, discusses women's roles in guilds and in women's study clubs.<sup>7</sup> Malo writes of the guilds in Québec in the 1930s and 1940s, and of the exclusion of women from study clubs.<sup>8</sup> Women's co-operative guilds also federated provincially and nationally, the latter under the rubric of the Co-operative Union of Canada (CUC). The work of the guilds included education of youth and adults, providing and serving food at co-op functions, leadership training for women, and so on. As Malo found in Québec, social issues were thought to fall "naturally" under the auspices of the guild.<sup>9</sup> While the guilds

in the western provinces tended to be somewhat more autonomous than those in the east, and were more likely to take on broader issues such as women's suffrage, guilds across the country functioned more as auxiliaries than as autonomous women's organizations.

There were fewer guilds in the east, as only the British Canadian actively promoted them. Leaders in the Antigonish Movement claimed that guilds made women second-class co-operators, substituting for their direct participation.<sup>10</sup> However, in both the West and the East, women's participation was limited regardless, in part by not having a vote. Women could not vote unless they purchased a separate share, a practice often discouraged by boards and management, even in co-op by-laws.

Women's guilds and study groups promoted an ideology of domesticity in accordance with the views of key male co-op leaders such as George Keen (general secretary of CUC 1909–1944), Toyoshika Kagawa (American educated and a promoter of the theory of brotherhood economics, in which women are valued in their roles as consumers and controllers of the family budget), and the Catholic church. The Roman Catholic philosophy of the Antigonish Movement and that of Québec also stressed the moral tone women brought to the movement, and there were elements of this in the Protestant West. While exceptions occurred, it was generally believed that women could best contribute as wives, mothers, and homemakers, out of their experiences in these areas. Indeed, they did make significant contributions. However, women were not seen as the equals of their husbands and fathers, who were the shareholders. Few heeded the advocates of joint membership for spouses.

Co-ops emphasized their relations with women as consumers and as supportive junior partners. Notices about meetings, for example, would ask delegates to bring their wives, and comments such as the following abound: "Without the purchases made by the housewife, the co-operative movement could not live. It is useless for men to start Co-operative Societies if women take their trade elsewhere."<sup>11</sup> Thus, women who wished to become involved in co-ops, whether through women's co-operative guilds or directly, faced a number of significant stumbling blocks, including the ideology of domesticity, male attitudes, and technical hurdles such as those relating to conditions for having a vote.

However, while extolling and restricting "feminine" contributions, some co-ops also made important advances in serving women as customers. In the West, women's guilds played key roles in product testing and marketing.<sup>12</sup> MacPherson's account of credit unions in British Columbia shows that credit unions in the 1940s made loans to women when few institutions would, and in 1960, VanCity became the first financial institution in BC to lend to a woman in her own name.<sup>13</sup> As in the other co-op sectors, a number of women played significant roles in BC credit unions, even serving on the board of the Credit

Union League. Until recently, however, women's volunteer activities were generally in the areas of education, maintaining membership lists, providing refreshments at meetings, and other familiar, often segregated, roles.

By and large, women accepted the basic definitions of their roles in the family and the community. However, this acceptance of their differences from men did not necessarily mean their acceptance of exclusion from power on that basis. Instead, they saw these differences as deserving fair representation in the movement, and argued vociferously for inclusion.<sup>14</sup> Women leaders promoted votes for women and for women's guilds, and special roles for women within the movement, pushing for changes in the ways their co-ops were run, promoting women as board members and as spokespersons for the movement.

For example, in Mrs. E.S. Russenholt's address to the Winnipeg Women's Co-operative Guild in 1954, she urged women to watch out for the member, since men were focussed on management.<sup>15</sup> Similarly, various campaigns of the Antigonish Movement and of the British Canadian Co-op emphasized the roles women could play as consumers and as people with a particular sensitivity to issues of service, education, and community needs. Québec co-operators formed L'Association coopérative féminine du Québec in 1963, with the goal of increasing the scope of women's roles in the economy and helping families.<sup>16</sup> Thus, many women activists pushed the limits of their domestic (and "domesticated") roles, while affirming the importance of these roles. Such a stance can be related to today's concepts of maternal feminism or social feminism.<sup>17</sup>

For Fairbairn, the most significant activities of the guilds were those they conceived and executed on their own behalf—educating and promoting women as having something to say and contribute, running their own organizations and activities.<sup>18</sup> Study clubs and guilds in the East had similar responsibilities. As Neal concludes, women were able to find various means of influencing and controlling aspects of co-operative activity, meeting many of their needs despite the context of inequality.<sup>19</sup> Unlike today, co-op women did have their own organizational base. However, it was rare for the ties to the co-op movement to be counterbalanced by strong direct ties to progressive women's organizations outside the co-op realm, though this was more likely in western Canada. Women co-operators thought of themselves as co-operators first and foremost, and could not be actively feminist and autonomously organized without risking marginalization from the movement, and indeed from many women co-operators. Just as Naomi Black found in her study of the Women's Co-operative Guild in the UK, in Canada, co-operativism won out over feminism.<sup>20</sup>

By the middle decades of this century (a little later in the West), women's study clubs and guilds had largely disappeared. Co-ops had lost their movement orientation and were focussed on running co-op businesses.<sup>21</sup> Co-op

education declined. While they still attracted many socially conscious individuals as members, the co-ops themselves developed little general social consciousness. Their values and principles were taken for granted, not actively challenged in practice. The peace and feminist movements of the sixties and seventies largely passed them by. An exception to this was the movement to develop buying clubs, health-food co-ops, and so on, which emphasized voluntarism, whole foods, and participatory democracy.<sup>22</sup> These co-ops, called “new wave co-ops” in the US and prominent in Canada in the seventies and early eighties, attracted women and men from a broad range of social movements, mostly in urban Canada. They rarely integrated into the established co-op movement, but some persist today.

By the 1980s, with revised co-op legislation and local co-op by-laws (e.g., allowing either household member to vote, or allowing purchase of a voting share by both wives and husbands), and in a national context of legislative reforms to reduce discrimination against women, co-op women were left with the “equal opportunity” to purchase shares and run for office. Formal equality of opportunity, however, has not translated into equality of condition.

### ***Women in Co-ops: International Initiatives***

In 1952, the managing director of the Nova Scotia Co-operative Union, A.S. McIntyre, lamented: “[There is] one aspect of the work on which we have made little progress both as a Union and as individual societies. I refer to the lack of participation by women in our movement...as equal partners. Our movement cannot possibly progress under its present lopsided load.”<sup>23</sup>

Surprisingly little has changed since then. Writing more than forty years after McIntyre, Raija Itkonen, of the International Co-operative Alliance’s (ICA) European Council, argues that: “Gender imbalance is...one of the most striking contradictions between theory and practice, weakening co-operative identity, credibility, and the possibilities to fulfill the co-operative purpose. Women generally occupy support positions and serve co-operatives, whereas men run them.”<sup>24</sup>

Not a comment made in haste, this is based on years of documentation of the under-representation of women in co-ops worldwide by the ICA Global Women’s Committee, independent researchers, and others. “The world over, statistics show that women’s participation in co-operatives is low, especially in rural co-operatives.”<sup>25</sup> The women and development literature elucidates the problems of gender-insensitive co-op development, and funding agencies such as the Canadian International Development Agency (CIDA) have made efforts to take gender issues into account in all development projects.<sup>26</sup> Reflecting the local system of stratification as they often do, co-ops can worsen rather than alleviate women’s conditions of poverty and power-

lessness.<sup>27</sup> Blumberg shows that micro equality may not lead to macro equality, and Mayoux shows that formal equality (of rules and structures) does not equate to equality in practice.<sup>28</sup>

Since the 1980s, there has been more general recognition of the need to specifically promote the participation of women in co-operatives, though disagreement over exactly how this is to be accomplished. In 1993, the executive secretary of the Committee for the Promotion and Advancement of Co-operatives (COPAC, an agency of the UN) documented the work of many international agencies whose activities were aimed at advancing women in co-operatives, including COPAC itself, the International Federation of Agricultural Producers, the International Fund for Agricultural Development, the International Labour Organization, and the Food and Agriculture Organization.<sup>29</sup> While the ICA did not make this list, the World Council of Credit Unions did, having set up a Women in Development Task Force in 1991.

The ICA is now more involved in this issue and has made significant strides in putting its own house in order.<sup>30</sup> A recent innovation is a rule requiring at least one woman board member from each of the ICA's four regions. The number of board members has been expanded to allow for this—if a region lacks an elected female board member, one is appointed, to be ratified by a later assembly. The ICA, its regional organizations, and its Global Women's Committee have helped sponsor many conferences on and for women in recent years. The European Union is also involved, funding, for example, a project titled "Awareness and Capacity Building of Women in Co-operatives in Eastern and Central Europe" through its Democracy Program.

A growing literature, some of which these various organizations have helped to generate, documents the various barriers facing women, and finds significant overlap at the general level across both developed and developing countries, despite the many differences in specifics. Suggestions for addressing these barriers are also presented.<sup>31</sup> Two fundamental criteria for predicting the potential success of co-ops in empowering women seem to be: (1) explicit incorporation of gender into planning, and (2) the presence of linkages between the co-op and the larger women's movement in the area, taking up issues of concern to all women.<sup>32</sup>

### *Women in Canadian Co-ops*

And what of Canada in all this? A nation considered to be democratic, reasonably progressive in popular beliefs and attitudes about women, with a good basis in law for male-female equality, and with a strong co-op system in which women constitute about 45 percent of the membership: how do we fare as regards the participation of women?

Canada has no agency mandated to collect and publish data on women in co-ops. However, the Canadian Co-operative Association (CCA) has un-

dertaken to “identify and collect information that can be used by its member organizations in their efforts to involve women.”<sup>33</sup> In 1997 the CCA did collect data from its member organizations (thirty-five in all, mainly second- and third-tier co-ops) plus le Conseil canadien de la coopération, la Confédération des caisses populaires et d’économie Desjardins du Québec, and the CCA itself. These data confirmed what many other researchers had found, namely, that co-op women are under-represented in board positions: 16.2 percent of all board seats were held by women (ranging from 2.9 percent in agriculture to 47.7 percent in service-sector co-ops). Among the thirty-eight organizations studied, there were three female presidents.

The CCA data on women in elected positions corresponds to that found by others such as Barclay, Brown, Conn, Côté (1998), Draaisma, Farge, Giroux, Jeffries, Kuyek, Malo, Theis and Hammond Ketilson, and Saint-Pierre Babin.<sup>34</sup> While the exact percentages of women vary, the pattern is consistent—women are significantly under-represented in formal leadership positions, do best in housing and day-care co-ops, and worst in agricultural organizations. The tendency has been for women to be better represented on local boards than at the regional or national level, although this is likely to change as the second- and third-tier bodies now seem more likely to seek women out in various ways. It is easier for organized groups of women to lobby these organizations.

Despite being under-represented, women are nevertheless a notable presence in co-ops across Canada. To illustrate, women constituted 20 percent of 1997 annual meeting delegates for the two co-op wholesalers, Federated Co-operatives and Co-op Atlantic, and 13 percent of co-op presidents among Co-op Atlantic member co-ops.<sup>35</sup> Women were 20 percent of the delegates to the CCA’s 1998 AGM. Women’s informal and committee work is not much studied. However, women served on all committees of NS consumer co-ops surveyed in 1994–95,<sup>36</sup> and were active on four women’s committees of the Saskatchewan Wheat Pool, though they constituted only .6 percent of the membership of all committees.<sup>37</sup> In some organizations, women are beginning to come together to lobby and to voice their desire for change (e.g., in the CCA). Some co-ops are implementing special policies designed to sustain or move towards gender balance. Vancouver City Savings Credit Union, for example, has instituted quarterly gender reporting about staff and volunteer/elected positions, their nominations committee makes sure women as well as men are recruited to run for office, and they have begun conducting regular social audits to review policies and test their impact.<sup>38</sup>

The barriers to Canadian women’s involvement are well documented in the literature. While the particular mix varies across sectors and across individual co-ops, no co-op can presume to be free of them. The barriers identified by women themselves converge to a significant degree with those specified by the researchers noted above. Across the country, conferences and meetings have addressed the question of barriers and ways to reduce or elim-

inate them. For example: the Topshee Conference on Women in Co-operatives, 1985; the conference Femmes et coopération in Caraquet, 1995; the Women in Co-ops Forum in Moose Jaw, 1997; the Sudbury conference on women, community economic development, and co-ops, 1997; and the Women Work in Co-ops conference in Vancouver, 1998.

The barriers identified can be grouped as follows:

1. Material impediments, including lack of time, shortage of money, lack of specific training, lack of education about co-ops and the economy, child-care difficulties, the second and third shifts women do, legal restrictions, and so on;
2. Cultural/ideological impediments such as ideas about women and their appropriate place, restrictions placed on women, self-selection by women to particular activities and jobs;
3. Organizational culture and practice including barriers erected by organizations (e.g., meeting times and locations, candidacy requirements); barriers erected by particular men (e.g., refusal to mentor, sexual politics); definitions of commitment and expectations for leadership; support for women and women's concerns; the confrontation and conflict associated with democracy; and
4. Personal impediments such as lack of self-confidence, lack of a support system at home or at work, reactions to negative experiences.

Agreement on strategies to alleviate the problems is harder to come by. So is agreement on how fundamental the problems are, or how hard to push for change. Most co-op women have been reluctant to advocate positive discrimination (such as quotas or the like), while a minority advocate these as the only way to facilitate rapid change. Some Canadian co-op women believe there are no particular gender-related barriers. The opportunities are there to be tapped for those who are aware, committed, and interested. Others feel that while Canadian co-ops are not impermeable to women, they nevertheless do not offer a level playing field. Still others reject the possibility, even the desirability, of a level playing field. They want any differences between women and men (due largely to different life experiences) to be valued and sought after as adding useful diversity and vision to co-ops. They want women to be accepted and respected for the full range of what they can offer, including, often, a vision for change in co-ops towards more emphasis on membership, community, and the sharing of power and influence. Instead of seeking the freedom to compete with men on "equal" terms, some women seek the freedom to work together with men to realize stronger co-operatives and a better society. Let us look in more detail at women's suggestions for change.

### ***The Winds of Change***

Articulate and strongly voiced concerns put forward by women co-operators in the decades of the thirties, forties, and fifties were more muted in the ensuing two decades. But since the late eighties, Canadian co-op women have been revisiting and revitalizing their critique of co-ops as ignoring key issues of relevance to women and communities, and as lagging far behind organizations that do not even claim to value democracy. While some emphasize equality of opportunity, and allowing/encouraging women to enter traditional structures, others call for more fundamental change, claiming that women need to be included on their own terms, not as surrogate men. Structures and cultures themselves need to change.

Canadian co-op women are offering new visions of what co-ops can be for their members and their communities if women are fully included. Some commentators argue that women will be positive agents of change for co-ops at a time when change is needed.<sup>39</sup> Canadian co-op women are not formally organized as yet, but changed assumptions about women and their concerns are “in the air.” As Miles remarks, the media now regularly names and discusses women’s experiences.<sup>40</sup> Ideas of fairness and women’s rights have changed. There is an organized and varied women’s movement in Canada and the ideology of domesticity has lost favour. In this context, women previously silent feel more free to raise questions and challenge longstanding practices of their co-op organizations.

While older generations of women co-operators have tended to see themselves as co-operators first and as women second, this is less likely to be true for new generations, which are aware of women’s accomplishments in the larger society, and take co-ops at their word that they are committed to democracy and equality. Women new to co-ops, and young women considering the potential co-ops offer, assume that women have an integral place among the leadership of co-ops and are surprised to find the contrary. These women are less likely to be patient and reticent with co-ops that do not accommodate their needs and include them in leadership positions. They are less uncomfortable suggesting that if the established co-ops are unresponsive, women must go it alone, creating new co-ops amenable to women and allied with feminist, community, and other socially committed organizations. As did previous generations of co-op women, these women are calling for more attention to co-op education, youth involvement, and to the linkage between co-ops and their communities.

It has already been noted that the Canadian women’s movement has had little or no interest in Canadian co-ops, at least their established versions. Little is written about co-ops in the feminist literature.<sup>41</sup> The conservatism of established co-ops is well known, and only rarely challenged. Miles, writing about women organizing in an erstwhile heartland of co-ops in

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Canada—Antigonish—found nothing to say about co-ops.<sup>42</sup> Across Canada, feminists have created their own organizations (some of them co-operatives, or much like co-operatives), noting that their experiences with credit unions and co-ops have been much like those with conventional companies, or worse. The co-op sector has been written off as irrelevant at best, and as hypocritical and unresponsive at worst. However, with the flourishing of an “emerging” co-op sector such as that currently being stimulated by the BC government (community co-ops, worker, housing, health-care, child-care co-ops, etc.), co-ops are becoming more attractive to women rooted in women’s organizations and accustomed to being active participants in whatever groups they belong to. But it is by no means clear that they will support established co-ops unless these organizations become more responsive and representative.

This concern may seem unnecessary. After all, women are more numerous as voting members and in leadership positions than they have ever been. Some assume that things will take care of themselves. However, as Warskett found in her study of women in ostensibly democratic unions, the mere existence of increased numbers of women is not a sufficient condition to bring about changes in organizational culture and practice. The structures and discourse of unions (and we could add, co-ops) need to be challenged.<sup>43</sup>

*Co-op Women Organizing: Three Recent Conferences*

Are Canadian co-op women now seeing a need to organize? Let us consider three recent events where women met to talk about women in co-ops: the Women in Co-operatives Forum, Moose Jaw, 1997, the conference Femmes et coopération: notre histoire et notre avenir, Caraquet, 1995, and Women Work in Co-ops, Vancouver, 1998.

At the Moose Jaw Forum it was noted that recommendations stemming from research by Barclay in 1990, and Theis and Hammond Ketilson in 1994, and the CCA’s Women in Co-operatives Task Force fell largely on deaf ears. After hearing and discussing a number of papers, the forum generated its own resolutions, grouped according to who was identified as being responsible for carrying forward the ideas. The assignment of responsibility to several established co-ops is testimony to a continued faith in their ultimate responsiveness. While the participants took some responsibility for getting these recommendations onto the agendas of the co-ops they belong to, they did not discuss organizing as a lobby group within the co-op sector. There was a recommendation to create a Canadian Women in Co-operatives Forum similar to the one in Asia—a resource and advocacy body on gender and co-operatives. Another recommendation asserted the value of regional and national forums where women (and men?) could discuss issues together. There

were no recommendations concerning networking with women's organizations. Significantly, conference delegates recognized common cause with women in developing countries, and the value of learning from and with women around the world.

At the conference *Femmes et coopération* in Caraquet, women co-operators (and some men) celebrated the contributions of Acadian women over the years—not to seek male approval, but to recognize sisters in the commitment to co-operatives and co-operation. A talk by Apelqvist (then chair of the ICA Global Women's Committee) advocating quotas and explicit dialogue with men about changing co-ops was received primarily as an extreme against which to seek more comfortable strategies for change. Talk centred around ways to network, to support one another and encourage women to become more involved, and to address the need for education.

The organizers of the *Women Work in Co-ops* conference in Vancouver came from community groups, government, and women's organizations as well as established and emerging co-ops. The attendees included substantial numbers of young women and women who were newcomers to the ideas of co-operation, many of whom had little connection with established co-ops but strong links to community and women's groups. All had a basic sympathy and attraction to co-operation, and expected co-ops to take literally their commitment to equality and democracy. The conference focussed on the opportunities and barriers facing women who wanted to organize themselves, their communities, and their families—to create alternatives in communities impacted by globalization, to find gainful employment, to develop environmentally sustainable ways of feeding communities, to develop trade networks that nurture community-based businesses.

This was the most firmly pro-woman of the conferences in that men were not encouraged to attend in favour of giving women a space to speak and learn on their own. While there was support for acting to change established co-ops, these women were quite prepared to bypass them if necessary, working with government, women's organizations, and the emerging co-ops to accomplish their goals. Participants noted that although established co-ops have helped emerging ones, women are under-represented in the established co-ops, and issues of concern to women often ignored. Again, there was a division between those feeling women faced gender barriers and those believing that these were not substantial. Recommendations, published in a conference report, identified roles for established co-ops, community organizations, and government. Most attendees seemed to value separate meetings for women, and actively promoted networking among women, though they stopped short of promoting a separate co-op women's organization.

All three conferences advocated organizing communication networks, meetings, and conferences in order to promote mutual support, education, and training, board sensitivity, and even watchdog committees. None called

for local, regional, or national organizations of co-op women. None recommended that co-ops take a strong pro-woman stance or develop strong links to community-based women's organizations. Indeed, there is still some uncertainty about whether and how to conduct an explicit dialogue with men about gender-related issues, though leaders such as Côté advocate open discussion.<sup>44</sup>

### ***The Future***

Let us begin with the premise that Canadian co-ops both attract and support efforts at mutual self-help, and that they have something to offer both women and men. Building on this premise, let us examine the context in which Canadian co-ops operate, and argue that co-ops need women as well as men. From this flows the argument that co-ops need to change, and that women can help in this process.

#### *Context: Neo-Liberalism and Globalization*

The neo-liberal individualism that dominates Canadian politics and economics in the nineties, while emphasizing equality, promotes equality of opportunity to compete. While celebrating individual freedom and formal equality, neo-liberalism tends to depict citizenship as an individual economic activity rather than a collective political one, and to seriously constrict government. It lacks concepts to help understand and foster interdependence and notions of the "good society."<sup>45</sup>

Co-ops fit uneasily into the rhetoric of neo-liberalism, and co-op leaders need to be aware of just where it fails and something else is needed. One of the ways it fails is in not fostering a sense of the collectivity, of mutual responsibility, of commonalities despite diversity. It also fails in not recognizing that women (and indeed many minority groups) need more than the opportunity to compete "equally" with others in co-ops.

Globalization, which at present operates under neo-liberal principles, offers both opportunities and dangers for communities. It promotes competition, and tendencies to consolidation and large-scale organizations, while apparently lessening the control communities and governments have over the fate of their citizens. Canadians are more conscious of their diversity and their rights. People organize and press for these rights, making it more difficult to presume agreement which does not in fact exist. The future looks like more of the same, with the possibility that neo-liberalism and globalization will lead to the exacerbation of inequality and conflict worldwide and within communities.<sup>46</sup>

According to public opinion polls, Canadians in general are more cynical than in the past, and yet many are volunteering their time to try to fill

in where the welfare state has left off. They want alternatives to the present state of affairs, and are concerned about ethical business practices, corporate social responsibility, and environmental sustainability. Canadian women are very much a part of all these changes, and in polls have shown themselves to be more concerned than men about the disappearing safety net and humanitarian issues.<sup>47</sup>

In such a context, co-ops are forced to consider how to respond—follow the pack or invent alternative ways to co-operate locally and globally. Canadian co-operatives are struggling to redefine their place, to reformulate ideas such as the common good, civic virtue, political community, social responsiveness, and the notion of being community-based. As Mouffe emphasizes, the reformulation of these ideas must recognize and accommodate ongoing disagreement, conflict, division, diversity, and even antagonism.<sup>48</sup>

#### *Co-ops Need Women*

To accomplish such goals, co-ops need women more than ever. They need women to protect/enhance their image as responsive, democratic, egalitarian, and community-based organizations. They need women to ground them in communities and families. And they need women for the talents and skills they can bring to co-ops, to help develop the vision co-ops need.

Women, at least those interested in alternatives to conventional businesses, need co-ops too. As one commentator noted, “Co-ops, by their nature as people-based, democratically run and managed organizations, with a strong financial base pursuing social goals, have the infrastructure and are better positioned than other organizations to bring about gender equality and equity.”<sup>49</sup>

Women are now a significant presence in Canadian co-ops. They are more present as members and board members than at any point in Canadian co-op history, and they are experienced, educated, and skilled. However, many women see disparities between the rhetoric of equality and democracy, and the practice. They are aware of their entitlements and capabilities, and of the extent to which these are frustrated. While some women primarily seek equality of opportunity, others want their differences from men recognized and valued too. Miles calls this way of thinking an integrative feminism that “allows us not only to insist that women be recognized as human like men, but that the activities, characteristics, and concerns that have been associated with women be recognized as human. This enables us to go beyond the demand that women be included in the existing definition of humanity to require that this definition be transformed and feminized.”<sup>50</sup> Instead of simply asking to be let in, proponents of such a position want a transformation to a more inclusive society.

*The Need for Change*

Women in leadership positions may be reaching the critical mass needed to press successfully for changes in established co-ops, and they can draw on the experiences of other democratic organizations (including co-ops) that are addressing comparable issues. But it may also be necessary to form women-friendly co-ops, alone or with men. As Eastwood remarks, in some cases, “the reality of the situation is such that a woman-only co-operative is the obvious form...[but this]...does not preclude additional action as necessary in co-operatives dominated by men.”<sup>51</sup> A base is needed, a base from which to push for change and for a reformulated vision of co-ops and co-operation. The base may be separate co-ops, separate organizations of women in and across integrated co-ops, or both. The separate organizations may be ad hoc or ongoing.

Co-op women in Canada see a need to talk with one another to explore possibilities for change, and know that dialogue among women themselves, and with men, is integral to building any forward momentum. Hence the flurry of recent conferences, the creation of the Women in Co-operatives Electronic Network (WICEN, supported by CCA), and the impromptu meeting of women delegates at the 1998 CCA annual meeting. If women are to continue to be attracted to co-ops, it is imperative that those within co-ops continue to work for change.

There is some reluctance to push too hard, perhaps because women, and sympathetic men, are uncertain how to strike the stance of loyal opposition—how to criticize but be understood (and see themselves) as supporters of co-operativism. A number of elements are still missing: a sense of the legitimacy of women’s concerns; an awareness of steps taken by progressive co-ops within and outside of Canada; and a connection to women in women’s organizations, labour organizations, and other similarly minded bodies. Explorations of common cause between women in elected and paid positions are also rare in Canada, despite the fact that almost all studies of women in co-ops look at both.

Women can offer the co-op system alternative views of the way forward, leadership in the efforts to change, and the stimulus of diversity. Serious attention to the recommendations produced by individuals and groups cited in this paper could be a good place to begin. Organizing themselves to promote such recommendations and share stories of what other co-ops and other democratic organizations have done is another. Women co-operators in Canada want, and need, to seize and build on opportunities to carry forward these tasks, to share and learn together with women from all over the world, to formulate goals for the movement and their place in it.

**Endnotes**

1. Anne Phillips, *Engendering Democracy* (University Park: Pennsylvania State University, 1991).
2. Rusty Dawn Neal, *Brotherhood Economics* (Sydney: UCCB, 1998).
3. It is customary in discussions of women in co-operatives to look at both volunteer and paid work in the co-ops. Due to space limitations, this paper focusses on the volunteer side of co-ops, where the claims to democracy and equality are most glaringly unfulfilled.
4. This paper uses Fairbairn (1989), MacPherson (1995), and Neal (1998) as key sources for understanding women's early roles and the controversies of the pre-1960s co-operative movement in English Canada. It also relies on the author's research on consumer co-operatives in Nova Scotia, and on Malo's (1990) work on women in consumer co-ops in Québec. Full citations for these works are in the endnotes.
5. Neal, 70.
6. Brett Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928–1988* (Saskatoon: Western Producer Prairie Books, 1989).
7. See especially chapter 3.
8. Marie-Claire Malo, "Customers or Activists? Women in Consumer Co-ops in Québec, 1938–1978," in June Bold and Lou Hammond Ketilson, eds., *Empowerment through Co-operatives, Proceedings of the 1990 meetings of the Canadian Association for Studies in Co-operation* (Saskatoon: Centre for the Study of Co-operatives, 1990).
9. *Ibid.*, 73.
10. Ida Delaney, *By Their Own Hands* (Hantsport, N.S.: Lancelot, 1985), 124. Dr. Moses Coady, a linchpin of the Antigonish Movement, publicly committed to using talent where he found it. Nevertheless, women leaders were covered by "exceptionalism" rather than being viewed as a norm (Neal).
11. Quoted in Leslie H. Brown, "Add Women (slowly and carefully) and Stir," paper presented to the Administrative Sciences Association of Canada meetings, St. John's, 1997, 10.
12. Fairbairn, 162.
13. Ian MacPherson, *Co-operation, Conflict and Consensus: B.C. Central and the Credit Union Movement to 1994* (Vancouver: BC Central, 1995).
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18. Fairbairn, 168.
19. Neal.
20. Black.

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22. See, for example, Nicole Giroux, "Des femmes dirigeantes de coopératives," *Coopératives et développement* 17 (1) 1985–86: 175–95.
23. Quoted in Brown, 7.
24. Rajja Itkonen, "Women in Co-operatives," *Co-op Women's Net*, Newsletter #1 (Geneva: Co-op Network, 1996), 4.
25. United Nations Food and Agricultural Organization (FAO), "The Gender Dimension in Rural Cooperatives" (paper commissioned by the FAO, <http://www.fao.org/WAI-CENT/FAOINFO/SUSTDEV/ROdirect/ROan0008.html>, posted Sept. 1996), 1.
26. Susan Dean, *Women in Co-operatives* (Geneva: COPAC Secretariat, UN, 1986).
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31. Katerina Apelqvist, "Les Femmes et le mouvement coopératif: La situation dans le monde," plenary address to the conference Femmes et coopération, Caraquet, NB, 1995; John G. Craig, *The Nature of Co-operation* (Montreal: Black Rose, 1993); Dean; Salome Ganibe, "Women in Leadership and Decision Making Roles in Co-operatives," in *Proceedings* from the Women in Co-operatives Forum, November 1997 (Saskatoon: Centre for the Study of Co-operatives, 1998); and Leona Theis and Lou Hammond Ketilson, *Research for Action: Women in Co-operatives* (Saskatoon: Centre for the Study of Co-operatives, 1994).
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*In the autumn of 1931, they decided to build a lobster factory in the face of sturdy opposition. The fishermen hadn't a dollar; they had no lumber; but they had the courage to face realities in all their grimness, without which no people can rise. They possessed the idealism and hope for better things which thrive when the days are dark. On Monday morning, they took their axes and cut down the trees and had them sawn. At the end of the week, the necessary lumber and timber were ready for the builders at the factory site. Scotch, Irish, French, Protestants and Catholics joined hands in supplying the material and in putting up the buildings. Their services were free, for they were working for themselves and their community. The men were almost beaten when they found themselves without money to buy glass, nails and shingles. The interest of the women had been aroused and by means of entertainment and card parties, they raised four hundred dollars for the enterprise. Rudyard Kipling must have had the women of Havre Boucher in mind when he said: "The female of the species is more deadly than the male."*

R.J. MacSween, *A History of Nova Scotia Co-operatives*  
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and Marketing, 1950s), 37-38.

## *The Chéticamp Experience* *Myth or Reality?*

*Léonard Buckles*  
*Past Executive Director*  
*Chéticamp Development Commission*

**L**ocated along the picturesque Cabot Trail, on the west coast of Cape Breton Island, the Acadian region of Chéticamp has survived over the centuries as a unique model of co-operation. This commitment to community has deep historical roots, which have grown to reflect present-day social stratification patterns within these small Acadian villages.

Chéticamp has been championed as a Canadian model of integrated co-operative development, and with good reason. The economic and social impact of this model on the community has been significant. It has not, however, always served the needs of the disenfranchised, especially in light of the current fisheries crisis. Going into the next millennium, the Chéticamp model will therefore face new challenges as well as opportunities.

### *The Acadian Diaspora: The Early Years*

In the local folklore of Chéticamp, Les Quatorze Vieux represent the continuum between the past, the present, and the future. These fourteen first families symbolize the social and cultural fabric of present-day Chéticamp. Many of the most prominent families proudly trace their roots back to this founding group—AuCoin, Boudreau, Bois, Poirier, LeBlanc, Deveau, Chiasson, Gaudet, and Maillet. One Acadian observer from another region of Nova Scotia has referred to these people as the current ruling families—Les Familles Reignantes—an honest reflection of community power politics.

The first settlers came from a variety of seafaring routes—Prince Edward Island, the Magdalen Islands, St-Pierre Miquelon, Gaspé, and France. They

all had one thing in common: the living memory of the Acadian expulsion of 1755, which resulted in close to ten thousand Acadian settlers scattered across eastern North America and western Europe. This diaspora has marked the Acadian psyche ever since—a surface wound that has not healed well in many isolated Acadian communities across Nova Scotia.

Displaced Acadian farmers found their way to Prince Edward Island after the expulsion and cultivated lands owned by absentee landowners from England. The founding families of Chéticamp who came from PEI had been among the many disenfranchised. They would clear the land, cultivate crops, build their homes and barns, raise cattle and other farm animals, having been told by land-agents they were the rightful owners of the land, only to be approached later by an absentee landlord and told they did not own the land and would not be recompensed for the improvements made. In 1787, some of these families sailed to Chéticamp to begin a new life.

The presence of Anglo-Saxon Protestant merchant families in the Chéticamp area was a cause for concern to the Catholic Acadian leadership in the community. Well into the early twentieth century, English-owned fishing companies, such as the Jersey companies in the Chéticamp region, also owned the supply stores and, in the case of the Acadians, all the fishing boats and gear.

Having survived the expulsion of 1755, and having been enslaved as indentured labourers in a system of absentee landownership, the founding families of Chéticamp were suspicious of outsiders and felt a certain kinship among their own kind. The sense of belonging to an isolated cultural community void of any formal political power encouraged a co-operative way of thinking and the sharing of skills and resources for the common good. In a recent social analysis of how communities become resilient under crisis, a respondent from Chéticamp expressed the view that cultural and geographical isolation contributed to the community's connectedness and survival skills. In the words of this individual, "Necessity is the mother of invention...What was the alternative of not coping? I mean, you had nobody to go to. South of the Margaree bridge you had people who didn't understand you. You had nothing to the north, east, west, so if you didn't learn to co-exist then you weren't going to exist at all."<sup>1</sup>

### ***The Charter of 1790***

Land ownership was key to the survival of a strong Acadian community amidst a hostile British colony. While the Acadians were allowed to return in 1764, they were still not entirely welcomed by the British government. In a letter dated 15 May 1764 from the British colonial office addressed to Montagne Wilmot, the governor of Nova Scotia, it is made quite clear that the Acadians could return "on the condition that they swear allegiance to the British

Crown and that they be dispersed in small groups in isolated areas of the province so that they could not once again irritate the government through rebellious means.”<sup>2</sup> Given their past history of betrayal at the hands of British government officials, land-agents, and landowners, and the reluctance of the present government to acknowledge their full rights to landownership, the Acadian settlers of Chéticamp opted for a collective system.

Les Quatorze Vieux obtained from the Province of Nova Scotia a land charter dated 27 September 1790 that granted seven thousand acres of land to the collective, with the fourteen families deciding among themselves how the land would be developed and divided among each member, their families, and their heirs. The best lands were divided among the families for homesteads, while some were reserved for communal uses, such as pasturelands for sheep and cattle.

This marks the beginning of collectivism among the earliest residents of Chéticamp and is very much a part of community folklore. To this day, the co-operative spirit of Les Quatorze Vieux is often mentioned as an example of the community’s stubborn determination not to give in to adversity.

***The Co-operative Movement:  
The Formative Years, 1915–1980***

Well into the early 1900s, the people of Chéticamp were at the mercy of the merchant companies that bought their fish, employed them at the local fish plants, and gave them credit at the company store. Working conditions at the fish plants, on the boats, and on the wharves were often unsafe, and salaries were low. The situation became economically intolerable for many fishermen, who had to sell their fish at a fixed price to local buyers regardless of external market forces. This led in 1915 to the creation of the first co-operative fish buying and processing operation in North America, well before the Antigonish Movement of the 1930s and paved the way for further co-operative enterprises in the community.

With the co-operative spirit already very much a part of the Acadian communities of northern Inverness from Chéticamp to Margaree, the Antigonish Movement of St. Francis Xavier University Extension was well received in the area, although there was some resistance at first, given that the language of discussion was English. When the Antigonish Movement named a co-operator to represent the co-operatives of Inverness County, they chose a unilingual Anglophone. The Acadian communities of Chéticamp and St-Joseph du Moine categorically refused to recognize this Ecossois<sup>3</sup> as their voice in the movement. Furthermore, all publications pertaining to the movement were in English, another obstacle to Acadian participation.

Study sessions, led by Francophone co-operators, were instrumental in the restructuring of existing co-operatives and credit unions and in the cre-

ation of new ones. In 1948, after much discussion and reflection, the fishermen's co-operative and the consumer co-operative of Chéticamp became two separate entities. New consumer co-ops and credit unions were founded in the communities of St-Joseph du Moine and Margaree. The study sessions also encouraged a new way of thinking among the many rug-makers of the community.

The Chéticamp hooked rug, dating back to the first settlers, has been established as a world-class craft for many years, although it was not until 1963 that the producers organized themselves into a formally structured craft co-operative. Today, la Coopérative Artisanale de Chéticamp employs twenty-five women on a full-time, seasonal basis and operates a gift shop featuring the Chéticamp hooked rugs, a small museum, and a restaurant featuring Acadian meals. The co-op employs a further fifty women on a year-round basis through a cottage-style production system.

***The Co-operative Movement:  
Renewal and Challenges, 1980–1998***

Well into the late 1970s, the co-operative movement in Chéticamp was focussed primarily on the traditional economic sectors—the fishing industry, the rug industry, and the provision of staples such as groceries, hardware, and fishing supplies. The community, like every other coastal village in Nova Scotia, was prosperous, given a relatively sound national and regional economy and a vibrant groundfish industry. During most of the 1980s, the co-operative movement in the Acadian region employed close to three hundred people on a full-time basis, most of these jobs being concentrated at the Chéticamp Fishermen's Co-operative, where healthy groundfish landings ensured employment for some 150 people over a six- to eight-month period. The remaining 150 jobs were absorbed by the Chéticamp, LeMoine, and Margaree consumer co-ops and credit unions, and by la Coopérative Artisanale de Chéticamp. Out of a total employable labour force of approximately two thousand people, this represented 20 percent of the full-time seasonal jobs available in the community.

In 1980, the Conseil Coopératif de Chéticamp was formed as a means of ensuring better networking among local co-operatives and credit unions. Under the early guidance of the late Yvon Deveau, one of Chéticamp's most dynamic community leaders, the conseil was instrumental in establishing a better co-ordinating effort and in organizing new co-ops, especially in the service sector. While some efforts failed, most notably an attempt to establish a health services co-op, the Acadian region since the early 1980s, has seen a major increase in the development of service-sector co-ops in such areas as housing, insurance, agriculture, culture, and communications. During the eighties, the Chéticamp region had fifteen community enterprises: two pro-

duction co-operatives, seven service-oriented co-operatives, three consumer co-operatives, and three credit unions.

With the impact of the groundfish moratorium on the Chéticamp Fishermen's Co-operative, the number of full-time, seasonal jobs in the co-op movement has decreased tremendously. From 1990 to 1993, fish purchases fell from 11 million to 1.2 million pounds, and jobs declined from thirty-five weeks of work for 145 people in 1990 to ten weeks of work for the same number in 1993. The co-op closed in 1994. With the demise of the oldest fishermen's co-operative in North America, part of the community's identity has been lost.

Out of a total labour force of some two thousand, approximately 60 people today are employed directly by co-operative enterprises on a full-time, year-round basis. If we include the 50 women employed on a piecemeal basis to produce hooked rugs for the Co-op Artisanale, a total of 110 individuals would receive total or partial income from co-operative enterprises: less than 6 percent of the total workforce. Of the fourteen remaining co-operatives and credit unions, only one—la Coopérative Artisanale de Chéticamp—is a production-oriented enterprise. The women involved in this rug-making co-operative create new wealth, while the other thirteen co-operatives are service oriented, and their success depends on the overall economic health of the community. It would not be unfair to say that the long-term sustainability of these thirteen co-operatives and credit unions depends on the success of the 125 private, mostly family-owned businesses that make up the economic backbone of the community.

Going into the twenty-first century, the Chéticamp co-operative movement needs to re-evaluate its role in the community, especially with the dramatic decline in the job creation component due to the closure of the Chéticamp Fishermen's Co-op. With only 110 direct co-op jobs maintained after the crisis in the groundfish industry, and the balance dipping dramatically towards service-sector co-operatives, where new wealth is not necessarily being created, the overall economic importance of the co-operative movement in Chéticamp is being seriously questioned.

### ***The Nonprofit Sector: Past and Present***

Alongside the development of co-operative enterprises in the thirties grew the beginnings of community-based, nonprofit agencies with mandates to develop the spiritual, social, cultural, educational, and economic needs of all Acadians. This was especially important given the relatively weak presence of Acadians in municipal and provincial government positions. Attempts have been made over the years, especially by the Chéticamp Development Commission, to establish some sort of Acadian municipal unit or a community council. While studies have been done to address this question, no

final decision has yet been reached, and it continues to be a topic of discourse and disagreement within the community.

Community-based organizations work hand-in-hand with the partisan politics of the day and become the vehicle whereby community infrastructure is delivered. This is reminiscent of the lure of the “Cargo Cults” among Polynesian communities during the American occupation of their islands in World War II.<sup>4</sup> American army camps were fully provided for by cargo ships and planes from the US, and there developed among the local Polynesian tribes a system of “providers” who would promise the group all that they could ever want. The group would rally behind this local provider for as long as he could deliver the goods, only to choose another provider who could promise even more. These Cargo Cults accurately describe the partisan political tribalism of Cape Breton Island—a game the leadership of Chéticamp has played very well. The phrase “Just call Alan J.,” in reference to Senator Alan J. MacEachern, was often used effectively to get things done for the community. Not that all favours were for the common good, but if community needs could be had by partisan means, the Acadian leadership was not left empty-handed.

In the early years of the nonprofit sector, organisations addressed more traditional concerns. As in many other rural communities, social-service-type associations—Kinsmen, Knights of Columbus, social action committees, and sports clubs—were formed to look after the immediate needs of individuals and to raise money for recreational infrastructure, such as an arena or a ballfield. La Société St-Pierre and la Fédération Acadienne de la Nouvelle-Ecosse went further, in that their mission was to preserve and enhance the linguistic and cultural richness of the Acadian people. This mission was delivered with great zeal and with measurable success. To this day, the Acadians of Chéticamp and St-Joseph du Moine have maintained their language and culture to a degree well beyond other indigenous Acadian communities in Nova Scotia. Community economic development and long-term strategic planning, however, were not addressed with the same level of commitment, primarily because the economic base of the community was sound into the 1980s and the threat of cultural and linguistic assimilation was much more immediate.

In the early eighties, community leaders recognized the need to plan for the future. Their goal was to position the Acadian communities of Chéticamp and St-Joseph du Moine in the economy of the future. These visionaries realized their first step was to prepare a long-term development plan, and hence organized within the community sectorial committees in such areas as fisheries, tourism, education, culture, forestry, health, and agriculture. At the same time, the Department of Municipal Affairs began developing a Municipal Planning and Land-Use Strategy for the Chéticamp area.

Much of this early planning exercise was co-ordinated though the Chéticamp Development Commission (CDC) which in 1985, was equipped with a basic community development tool—a comprehensive community economic development (CED) plan. In fact this plan was one of the first on Cape Breton Island for the purpose of long-term economic and cultural development in a specific geographical area.

Since the mid-eighties, much of the community's strategic economic planning has been co-ordinated by the CDC, which became the catalyst for community economic and cultural development. Its structure allowed for this broad mandate, since all community organizations, including the Conseil Coop, sit on the board. It was for many years the place where major community decisions were made and where new ideas were discussed and tested. Given the fact that the Acadian region had tried for years, without much success, to gain political power at the municipal and provincial levels, the CDC played a community governance role that seemed to work well if accorded the right group dynamics and proper funding. In 1993, however, the CDC lost its operational funding from the federal and provincial governments in favour of a more regional approach to community economic development. The CDC has become "a commission without walls." As a volunteer-based organization without full-time staff, it struggles to maintain a unified voice for the community, whose collective power against individual partisan interests has been seriously eroded.

### ***The Acadian Region in the Next Millennium***

The Acadian region of northern Inverness County is certainly at a crossroads in its economic and cultural development. Government cutbacks to community-based organizations are not likely to be overturned any time soon, and changes in the EI and TAGS programmes are forcing individuals and groups in Maritime communities like Chéticamp to put their energies into creating new jobs. Furthermore, community-based groups do not work together as well as they should. Some groups are secretive in their dealings with the community and others prefer to work on their own. There seems to be a high level of mistrust among the Acadian elite who serve as staff and volunteers with community organizations and co-operative enterprises. This has led to a lot of naval gazing over the past few years.

This leads us to reflection, the first stage in any community development strategy. The mandate of any community-based organization or co-operative enterprise is to respond to the needs of its members. Human resource development is the key element of CED that has been drastically lacking in the Chéticamp experience. Social development is an integral part of any collective economic development process and yet more often than not, organizations have been too preoccupied in securing the goods—in reaching

the “cargo planes” before the funds dried up or were passed on to some Ecossois project. While the Acadian elite are well intentioned in their good deeds, they spend very little time analyzing the real needs of their community. Study groups are no longer in vogue.

The history of the Chéticamp Fishermen’s Co-operative is a case in point. During the good years, before the Cod Moratorium, fish plant workers enjoyed between twenty-five to thirty-five weeks of work. Most of these workers were poor women with little representation at the management level of the co-op. After years of working for this co-operative enterprise, senior workers were still averaging \$7.50 per hour. A similar lack of analysis has been evident within the strategic planning process and project implementation phase of the CDC. While a community industry adjustment committee was struck with funding from Human Resource Development Canada to determine a long-term human and resource development response to the crisis in the fishing industry, a proper educational and training strategy reflecting the needs and aspirations of some 250 fishers was never developed. And while some fishers took advantage of the training dollars available through the TAGS programme, between 150 and 200 people will not be re-entering the workforce. It is estimated that welfare cases will increase by over 50 percent during the next few years. The exodus to Alberta or Ontario may reduce this number, but those whose income level or skills bank does not allow them to relocate will be added to the welfare rolls.

This inability to deal with the disenfranchised is especially strong within the village of Chéticamp proper. As in many smaller towns and villages across the Maritimes, social stratification in Chéticamp is defined in terms of family connections, and further, by geography. Traditionally, the Acadian elite of Chéticamp has always lived along the harbour, with the lower-income families residing primarily in the plateau or the hills leading into the mountains. The poorest of the poor still reside in the hills behind Chéticamp. Referred to disparagingly as *les montagnards*—those who live in the mountains—these people provide cheap labour for many co-operative and private enterprises in the Chéticamp area. When the Chéticamp Fishermen’s Co-operative was in full production, with some 140 workers, well over 50 percent of these employees were poor and illiterate *montagnards*, and mostly women.

The Acadian institutions created under the co-operative and non-profit/public sectors have not recognized the special needs of this group of Acadians, nor has the community leadership accepted their responsibility to ensure that these people—direct victims of the fisheries crisis—are empowered to take control of their own lives. Issues such as illiteracy, underemployment, pay equity, family violence, substance abuse, and malnutrition are not exclusively a direct result of poverty, but in the case of *les montagnards* and other disenfranchised Acadians, these issues are a very real component of their everyday lives.

*Memory, Mutual Aid, and the Millennium*

It is not uncommon for community strategic planning initiatives to skim over the reflection stage. As in many other Maritime communities, the “community” in CED is often considered to be “soft” development—the stuff that nurses, social workers, priests, and good Christians do for their communities. In Chéticamp, as in most other rural communities across the Maritimes, this work is mainly done by women.

Attempts have been made to deal with social development issues in the Chéticamp area. Literacy and primary health-care projects have been developed over the last five years, using popular education techniques. These have been well received by the community. The College de l’Acadie has been part of the community fabric for the past six years, and as a community college it has tremendous potential in developing life skills and educational programmes. But while the infrastructure is in place, a more pro-active approach to reach the poor is required.

The Acadian elite, it must be said, has done tremendous things for the community. Over the last five years, more than \$1 million has been raised by the Fondation Sacré-Coeur towards the construction of a new health centre for the Acadian region. For a population base of less than 5,000, this is quite an accomplishment. Another fundraising campaign raised more than \$400,000 to build a new church in the village of St-Joseph du Moine. Most of the money came from within this single Acadian village of 650 people. In 1980, when the Chéticamp Fishermen’s Co-op was in major financial crisis, due in part to bad management, the entire co-operative movement in the region co-ordinated its efforts and raised more than \$500,000 to get the operation back on its feet. These are examples of a people linked spiritually and culturally to a unique way of life, and of a people’s stubborn determination not to give in to adversity.

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The Acadian co-operative spirit is deeply entrenched in religion and a shared history. In earlier years, this spirit was based on fear—a fear of being once again expelled to far-away lands. The actions of community leaders reflect a Christian charity approach to social development, which has not always provided a sustainable economic alternative for the community. The Acadian elite must move beyond this perceived fear of les Ecossois. The next generation of co-operators and community activists has to transform this deep-rooted commitment to cultural survival into empowerment for all Acadians in the region. They also need to create new wealth and new jobs by ensuring a balance between service- and production-oriented, community-owned enterprises. In doing this, the Acadian elite will truly make the Chéticamp Experience an example of social and economic development for others to study and emulate.

**Endnotes**

1. "A Study of Resiliency in Communities—Chéticamp, Iles-Madame, and Dildo," (Halifax: Atlantic Health Promotion Research Centre, Dalhousie University, 1997) 37.
2. Sally Ross and Alphonse Deveau, *Les Acadiens de la Nouvelle-Ecosse—hier et aujourd'hui* (Les Editions d'Acadie, 1995), 113.
3. Ecossois is directly translated as "Scottish". In the Acadian region of Chéticamp, however, the term is used in a general sense to refer to any outsider of non-French descent.
4. Pamela Peck, *The Cannibal's Cookbook: Recipes and Remedies for Human Sacrifices* (Pjenesis Press, 1996), 99–104.



*Should not the co-operative movement be independent of governments? One assumption inherent in this question—a dangerous one in a democracy—is that the government is different from the people who elect it. In a democracy the government should be responsive to the wishes of the people and if a people determine that the co-operative way is the one to follow, then their government should assist them.... The question is one of degree and method.... In Prince Edward Island the few thousand dollars which the government made available for co-operative education have released the worth of thousands more in voluntary effort. With this stimulus the people have built dozens of institutions which not only have helped to satisfy their economic needs but also have given them an education in practical democracy and business management, thus building more responsible and more intelligent citizens.*

J.T. Croteau, *Cradled in the Waves*  
(Toronto: Ryerson, 1951), 127–28.

## *The Evangeline Co-operative Tradition*

*Paul Wilkinson (with Jack Quarter)  
Acting Director, Community Development  
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**I**n April 1990, fifty-one years after the incorporation of their first co-operative store, eight hundred people from the Evangeline region of Prince Edward Island turned out in minus-twenty-degree weather to celebrate the opening of their new supermarket. The speaker for the occasion, Reverend Eloi Arsenault, stressed the significant role that co-operatives have played in the life of Evangeline people: “Co-operatives have been the key to the social and economic development of the community.”<sup>1</sup> Indeed, this twenty-square-kilometre area, with only twenty-five hundred residents, has been called “the uncontested co-operative capital of North America.”<sup>2</sup> Its sixteen co-operatives are a social infrastructure for the community, providing its most basic services from the cradle to the grave.

The co-operatives have a combined membership of 5,811, or 2.5 per resident of the community (including children), and are extremely diversified in function, offering a wide range of services, creating employment, and providing leadership in community and cultural development. Not only do the co-operatives play a significant part in people’s daily lives, but they are viewed as vehicles for community development. Their mandate is to respond to the needs of the entire Evangeline region rather than simply to function for the benefit of the members of a particular organization.

Consequently, the Evangeline co-operatives have acted somewhat differently from those in other areas. Whereas co-operatives often emphasize economic objectives, a number of co-operatives in the Evangeline region have been set up specifically for cultural reasons. The arts co-operative, for example, exists to teach and promote Acadian culture; the cable co-operative has the dual mandate of providing a service on an economic basis and

of encouraging the retention of the French language. Another difference is the widespread support that the region's co-operatives have shown for the establishment of worker co-ops. When community members wanted to start worker co-operatives to manufacture potato chips and children's clothing, the Evangeline Co-operative Council organized a special training programme, and the Evangeline Credit Union put in place the Baie Acadienne Venture Capital Group to provide the new co-operatives with equity financing.

Most interesting of all has been the creation of the Co-operative Council (Conseil coopératif), with representatives from all co-ops in the region. This council, a second-tier co-operative, pulls together the primary co-operatives (in which individuals are members) to consider regional needs, conduct educational activities, and assist in the development of new co-operatives. In short, it plays a leadership role in the cultural and economic development of the region.

In terms of the region's economy, the contribution of the co-operatives is significant, providing more employment than both government and private sector combined. In 1990, a total of 352 persons out of the region's total population of 2,500 were employed, either full time or seasonally full time, by co-operatives, and another 14 were employed on a part-time basis. To put these figures in perspective, one person from every two households in Evangeline is employed in a co-operative. The payroll for these persons amounted to \$1.99 million, and, in addition,<sup>3</sup> the value of goods purchased in the area by co-operatives was \$30.5 million.

The Evangeline co-operatives have played a markedly different role in community development as compared to those in other regions of Canada. Although there are other communities in Canada (Chéticamp, Nova Scotia, for example) and throughout the Western world (Mondragon in Basque Spain, Emilia Romagna in northern Italy, the kibbutzim of Israel) in which there are integrated systems of co-operatives pursuing a broad set of social objectives around the development of a community, these are the exceptions rather than the rule. Generally, co-operatives have been oriented towards serving a membership, and their external relations are to other co-operatives providing a similar service—for example, credit unions belonging to a central organization of other credit unions. This functional form of outreach is designed to strengthen the ability of the primary organization to provide its service rather than to serve the broader objective of developing the local community. These functional arrangements might also strengthen the local community, but unlike Evangeline, the co-operation between co-operatives is not normally part of a systematic exercise in planning for the future development of the community. The most striking feature of the Evangeline model, therefore, is the way in which the various co-operatives are linked together to pursue a community development strategy for the entire region.

### ***The Community Fabric***

Evangeline is situated on the southwest coast of Prince Edward Island, a tiny province of only twenty-one hundred square miles in the Gulf of St. Lawrence, a short ferry ride from New Brunswick. The Evangeline community, made up of the parish of Mont-Carmel and the municipalities of Wellington and Abram-Village (both small villages), is about twenty-five kilometres from Summerside and about an hour's drive from Charlottetown, the provincial capital. At one time, farming and forestry contributed significantly to the region's economy, but their importance has declined. Fishing, on the other hand, has retained its importance as the economic mainstay of the region, providing jobs for some hundred fishers and their helpers, while another hundred and fifty community members work in their co-operative lobster-canning plant.

In recent years, the decentralization of provincial government services to the regional level has brought a certain number of civil service jobs to the community. And a degree of economic diversification has been achieved in the last twenty-five years through the establishment of both private and co-operative enterprises for tourism services, agricultural processing, and the manufacture of natural fertilizer from seaweed and lobster shells. Small-scale construction and boat building also provide a significant level of employment.

One distinctive feature of Evangeline is the tightly knit social relationships based upon the Acadian culture, the French language, the Roman Catholic religion, and, even moreso, upon extended family ties as reflected in such common surnames as Arsenault, Gallant, and Bernard. The close interpersonal relationships, a factor that has been assisted by the concentration of Acadians in the region, has been important in the retention of their culture and language in the face of surrounding Anglophone domination. In the Evangeline area, persons of Acadian descent make up more than 75 percent of the population, whereas outside of Evangeline, persons of Acadian ancestry are widely dispersed among the English-speaking majority, where they have had an uphill battle to maintain their language and cultural institutions. Assimilation has taken its toll, with the consequent loss of the French language. Georges Arsenault, the author of a recent history of Prince Edward Island's Acadians, reports that "over fifty percent of Island Acadians can only speak English. Numerous Acadian communities are almost entirely English-speaking."<sup>4</sup>

In the Evangeline region, by comparison, 75 percent of the people still speak French at home, and Acadian traditions are practised widely. The residents of Evangeline fought for and achieved the right to choose their own school board and to educate their children in French. This success provided the springboard for other cultural initiatives, such as the establishment of a

co-operative medical centre to provide bilingual services, the organization of a cable co-operative to bring in French-language television, and the organization of an arts co-operative to encourage creative cultural expression. One of the most interesting cultural initiatives is the Acadian Festival, held each year during the last week of August. At this annual celebration, cultural identity is strengthened and reaffirmed as local talent performs traditional Acadian music and dance before thousands of appreciative visitors, from both the Acadian Diaspora and other tourists passing through.

Thus, there are three distinct features of development in Evangeline: it is locally owned and controlled; it harmonizes social and economic goals in ways that are compatible with community culture and values; and the primary structure is an interrelated system of co-operative corporations, or what might be labelled as collective entrepreneurship. The combination of these factors makes Evangeline an interesting laboratory. The residents have collectively taken charge of their own development according to their customs and traditions through the mechanism of co-operatives. Unlike other regions, where the centralization of large co-operative corporations has led to their losing touch with the local community, in Evangeline, community control and accountability have been retained. In addition, Evangeline has developed innovative mechanisms such as the Co-operative Council to encourage and guide development for the benefit of the entire community.

Moreover, Evangeline is situated in a part of Canada that has been below the national average with respect to income and generally has suffered an out-migration of people due to high unemployment and below-average participation rates in the economy. The fact that a community in a region of the country targeted for regional development programmes has initiated an innovative approach is an additional reason for attempting to understand the dynamics that are producing the results.

Following is a case history of the development of the Chez Nous Co-operative, an organization with community-wide membership that provides a critical service to Evangeline-region seniors.

### ***Le Chez Nous Co-operative***

At a special community meeting on 16 September 1992, Lorraine Arsenault, the president of Chez Nous Co-operative, a community-based service co-op, triumphantly announced the results of a secret ballot that had just been held. The members had voted by a large margin to proceed immediately with the construction of a community-care centre for Evangeline-region seniors. This decision marked the culmination of almost two years of effort by Lorraine and her planning committee.

With the overwhelming support of community members and community organizations in the Evangeline region, this new co-operative had mounted

a fund-raising campaign that within two years raised more than \$110,000 in cash and pledges. Using this evidence of community support as leverage, the co-operative had successfully negotiated with outside public and private agencies for supplementary financial assistance. As a result, Lorraine announced to the meeting that in addition to a previous commitment of \$122,000 from Canada Employment and Immigration, she had just received a telephone message that the Fisheries Alternative Program of the Atlantic Canada Opportunities Agency had awarded Chez Nous a further grant of \$100,000. In addition, L'Assomption Assurance, an Acadian company based in New Brunswick, had not only pledged a donation of \$10,000 but had also agreed to provide a mortgage at a reduced rate of interest. Taken together, these commitments amounted to well over 50 percent of the total construction costs of \$550,000.<sup>5</sup> With the green light given by the community meeting, the initiators were able to pursue their dream of building a facility to provide community care to Acadian seniors in their own language. When Chez Nous opened in March 1993, this dream became a reality.

### *Background*

The need for such a community-care facility had been identified in 1985, when a local entrepreneur had requested the provincially funded Regional Services Centre to conduct an assessment. The provincial Ministry of Health and Social Services hired a local nurse to prepare a questionnaire and carry out the study. This survey, which included fifty senior citizens, as well as the presidents of municipal councils, parish councils, and senior citizens organizations, took place early in 1986.<sup>6</sup> Although the results indicated a great need for a centre that would offer elementary nursing services, no action was taken.<sup>7</sup> The idea was resurrected in 1988 at the annual meeting of the Evangeline Health Care Co-operative. Since a number of members indicated their interest in such a project, the board of directors was instructed to pursue discussions with representatives of the Co-operative Council and the Regional Services Centre. Again the matter was dropped.<sup>8</sup>

It was not until 1991 that a determined effort was made to organize a community-care facility. This time the impetus came from the painful experiences of two local women—Louise Arsenault and Lorraine Arsenault. When Louise's mother was suddenly stricken with Alzheimer's disease, it had been necessary to put her in a community-care facility in Summerside. And when her mother-in-law reached age ninety, Louise was no longer able to care for her, so she too had to go to Summerside. According to Louise, they were very lonely there since "it was all English people and strangers to them."

Lorraine had been a nursing attendant for many years at the manor in Summerside. She knew the problems and the heartache that resulted from moving Acadian seniors from their homes to an English milieu. She recalled

one episode where an older French woman was upset during the night and called for an attendant. When the attendant came out of the woman's room, she said to Lorraine: "Why don't you build a nursing home out in Egmont Bay and take all these old French people home with you?" This incident affected Lorraine profoundly. She decided that some day she would do it.

A few years later, she started looking after old people on a private-patient basis. Sometimes she would take them to her home, which meant she was responsible twenty-four hours a day. Although she loved to do it, she found that the provision of total care was too much for her, and began to think about buying a big house where she could look after four or five seniors with the help of a small hired staff. One day when she and Louise were out driving, she noticed a For Sale sign on a vacant school. Louise asked: "Why don't we buy it and fix it up and take in these old people who are still able to look after themselves?" "You know, that's an idea," Lorraine replied. "Let's try it just for fun."

Since the property was owned by the Evangeline Credit Union, the women went there first to inquire about the price. Next they decided to talk to others who might be able to help them. At this point, they were thinking of renovating the old school so their group could be licensed as a community-care facility for perhaps ten senior citizens. The first person they approached was Jeanita Bernard, the local home-care supervisor for the Department of Health and Social Services. She suggested that they meet with Amand Arsenault, the director of the Regional Service Centre and an employee of the Department of Community and Cultural Affairs. Responding enthusiastically to their idea, Amand obtained the key to the building and went with the women to look at it. He also arranged for an employee of the Prince Edward Island Housing Corporation to come along. This person agreed to prepare preliminary sketches for a renovation, along with cost projections. Unfortunately, the costs projections were alarmingly high.

Since renovating the old schoolhouse was impractical, the women came up with the idea of constructing a new building. Among the people they met with was Leonce Bernard, the local MLA, who strongly encouraged them to proceed with the construction of a new facility. He informed them that there were resource persons available in government to help them; that such a facility had been needed in the community for twenty years; and that previous groups had tried but had been discouraged by the amount of work involved. "Go ahead," he said, "and when the going gets tough, don't quit."

### *Building the Volunteer Group*

On Amand's suggestion, Lorraine and Louise sought out other interested people. The first person they contacted was Ida Gallant, president of the Evangeline Health Care Co-operative. An active volunteer in many community projects,

she joined eagerly, telling them she had wanted such a facility for a long time. Next they contacted two younger women, who had little organizing experience but who had taken resident care training and were looking for employment. At this point the initiators were thinking of operating the seniors' home as a five-person worker co-operative. The younger women would be paid employees, and the three older women would work as volunteers.

As this group of five continued to meet, they began to realize that they needed the total support of the community if they were to succeed, and wondered whether they would receive this support if they structured the project as a worker co-operative, with part of the surplus returning to themselves. This forced them to think more carefully about their purpose. It became clear to them that above all else they wanted to look after their senior citizens. Making money so that they could give rebates to the worker-owners was very much a secondary consideration. In Lorraine's words: "It's not to make money... The money is just to be able to look after those people and to pay the people who would be working there." Out of this struggle to define their purpose, they came to the conclusion that the worker co-operative model would not meet their needs. Instead they required a model that would attract the broadest community support. Starting a co-operative with wide community membership seemed to meet this requirement, so they shifted their ideas in that direction.

Things now began to move quickly. Amand Arsenault suggested that they involve more people, especially those with special skills or previous experience in organizing such a project. He reported that when the Potato Chip Co-operative had started, the work had been divided up among five committees: Land and Building, Finance, Personnel, Fund-Raising, and By-Laws and Regulations. Deciding to follow this pattern, the initiating group drew up a list of people to contact. In making their selection they considered criteria such as reliability, the necessity for representation from every community in the Evangeline region, and relevant knowledge and experience. For the By-Laws and Regulations Committee, they selected Claudette McNeill of the Co-operative Council and Alcide Bernard of the PEI Potato Chip Co-operative because they were knowledgeable in this area; for the Land and Building Committee, they chose carpenters from the community; for the Personnel Committee they identified the manager of L'Étoile restaurant; and for the Finance Committee they decided to approach persons who worked at the Evangeline Credit Union. Once they had prepared the list, each of the five initiators agreed to approach three people about serving on the committees. To their great satisfaction, not one person refused to participate.

On 24 July 1991, the initiators of Chez Nous Co-operative held a public meeting and press conference to explain their plans to the community and to enlist support. At the meeting, which was attended by some fifty residents, they stated their intention to construct a community-care centre to accom-

moderate twenty-five seniors from the area who were not able to live alone, but who did not yet require nursing-home care. The cost of this centre would be in the neighbourhood of \$420,000.<sup>9</sup> Shortly after the meeting, the initiating group received an offer that could have taken all the work off their hands. An operator of community-care centres in other parts of the Island, who had asked a local contractor to prepare a sketch of such a facility, to be situated in Abram-Village, requested permission to attend a meeting of *Chez Nous* to present his proposed plan. The group discussed the offer, but decided not to invite the entrepreneur to their meeting. They felt it was important for the community to have control over such a centre so that it could be planned to meet the unique needs of Evangeline-region seniors. Ida explained it this way:

We want the control. That's why we didn't want an outsider to come in. We wanted a co-operative so we can set the price according to what it's going to cost. We want to be able to adjust the price to fit these people who have only a small pension from the government. If there had been an outside company that took over, we wouldn't have any say in it.

In addition, they wanted to be able to ensure that the establishment would employ local workers, and that the main language of business would be French. As Lorraine put it, "They'd be taking our money out. We want to keep our money here. God only knows that the Evangeline region is not that rich." In their opinion, not only would a development by an outsider not meet their needs, it simply would not work. At the monthly rates of \$1,400–\$1,500 that this individual charged in his other centres, most Evangeline seniors would not use the facility.

After the public meeting in July, the *Chez Nous* Fund-Raising Committee swung into high gear. Someone had jokingly asked Lorraine if she expected to find the building in her Christmas stocking. Her response was, "Hey, you think that's funny. I'm going to push that!" So the next month the committee held a fund-raising event called Christmas in August. This event, which included a rocking chair "rockathon" for pledges, raised \$8,000. About this time, *Chez Nous* received another big boost when a local resident donated three acres of land as a building site. Located in the Village of Wellington beside the health care co-operative, the site was ideal.

The Fund-Raising Committee now organized event after event. They solicited cooked food from the community and sold meals at the Atlantic Violinists' Jubilee and the Acadian Festival. They organized fun nights at the legion, where they auctioned off donated prizes. They held lotteries, draws, and a bikeathon from Tignish to the other end of Prince Edward Island. Finally, on 6 June 1992, they held a celebrity auction. One of the two hundred articles donated for sale was a tie belonging to Brian Mulroney.<sup>10</sup>

Not to be outdone, community members and organizations also started

to raise money. A local garage raffled off a large bottle of liquor and donated the proceeds. The parishes organized a series of four benefit concerts, some of which were attended by as many as five hundred people. At these concerts, which raised as much as \$2,000 in a single afternoon, people made contributions not only at the door, but throughout the afternoon as the hat was passed around. One of the priests, an excellent musician, personally organized an afternoon of singing and dancing from his own extended family. The municipalities also got involved, organizing a potluck supper and a bingo to raise money for Chez Nous.

Donations and pledges started flowing in apart from specific fund-raising events. The donations were both financial and otherwise. A local contractor promised to donate a number of hours of labour; the two local MLAs donated a quarter of beef for one of the lotteries; a local craftsperson donated a beautiful handmade quilt. Seniors in the community were also supportive. Some who thought they might later need the service contributed a down payment of their first month's rent. One person gave a thousand dollars and pledged a thousand every six months for up to three years.

Evangeline region community organizations were particularly generous. The Legion pledged \$2,000 a year for five years, while the Legion auxiliary pledged \$1,200 a year for the same period. The co-op store pledged \$1,000, the credit union \$5,000, and the funeral co-operative, \$1,000. All in all the fund-raising campaign was so successful that by the time of the celebrity auction on 6 June 1992, the committee had exceeded its target of \$70,000. Amand, who had been involved in many community projects, marvelled at the support for Chez Nous: "There have been co-operative community projects in the past. And you have your interest groups and people who are supportive and people who are indifferent. But this project... Everybody's come to rally around this project. It's unreal!"

Meanwhile the project was receiving help from community leaders and resource people from both within and outside the community. Once the fund-raising campaign had been launched, the initiating group began to survey seniors to find out how many were prepared to make a commitment to use the facility. The idea had been suggested by a resource person from the Division of Aging, Department of Health and Social Services. This person also made suggestions about the design of the facilities, helped them prepare a profile sheet to gather information, and went with them for the first few meetings with seniors. Claudette McNeill and Alcide Bernard helped them decide upon the structure of the co-operative, and performed the detailed task of drawing up the by-laws and arranging for incorporation. According to the initiators, Claudette "provided guidance about how to go about things."

This expert knowledge about how to get things done became particularly important when Chez Nous, a nonprofit organization, tried to obtain a char-

itable tax number. At first Revenue Canada refused to consider a tax number for a co-operatively structured organization. This precipitated a crisis for Chez Nous, to the point that the initiators decided to dissolve the co-operative and set up a nonprofit company. However, Claudette was able to arrange for the Conseil canadien de la coopération (CCC), the apex organization for Francophone co-operatives in Canada, to lobby on behalf of Chez Nous. This intervention by the CCC turned out to be successful, and a tax number was granted in the nick of time.

According to the initiators themselves, the most significant resource person of all was Amand Arsenault. He was not only director of the Regional Services Centre, but also a trusted community leader active in a variety of projects. They came to him initially to discuss their idea, and it was he who worked in an ongoing way as a consultant to their group. In addition to the developmental assistance he provided, he was also able to assist the group in accessing outside resource persons. One of these was a planner from the provincial Community and Cultural Affairs Department, who prepared preliminary sketches and worked on the transfer of the title to the land. On another occasion, Armand enabled the group to obtain a grant to hire their own co-ordinator, Antoine Richard, from the Department of Community and Cultural Affairs' Co-operative Development Fund. Once the co-ordinator was hired, Amand, through his department, was able to provide him with office space, a telephone, and secretarial support.

With the hiring of Antoine, a community leader and retired federal civil servant, as project co-ordinator, the capacity of Chez Nous to access outside resources increased dramatically. It was after this point that Chez Nous received the major grants from Canada Employment and Immigration and the Fisheries Alternative Program, and the generous donation from L'Assomption Assurance.

### *Planning for Viability*

While activities of the Fund-Raising Committee received the most attention from the fall of 1991 to the spring of 1992, other committees were working quietly behind the scenes. The Land and Building Committee had devised an innovative plan to save on architectural fees. As two young persons from the Evangeline region were studying architectural drafting at Summerside's Holland College, the committee arranged for their class to develop the blueprints for the Chez Nous building. Instead of the original architect's estimate of \$40,000, the blueprints cost only \$2,000. Lorraine described this as "trying to do it ourselves. We're trying to put the building up community-wise, not architectural-wise." With the blueprints finalized, the committee was able to proceed to obtain quotes from contractors.

The Finance Committee also became active by April 1992. While they

felt confident that Chez Nous had sufficient equity to obtain a mortgage and to proceed with construction, they were concerned about operating costs. Since most Evangeline-region seniors were not in a position to pay more than \$800 to \$850 per month, the committee had to find a way to either lower or in some way subsidize the rental costs. With the energetic assistance of their co-ordinator, they explored a number of avenues. One of these was a submission for grant assistance to the Fisheries Alternative Program. It was thought that Chez Nous would qualify as a project generating sustainable employment in the community. Another was the initiation of negotiations with L'Assomption Assurance to provide Chez Nous a mortgage at a reduced interest rate. A further avenue was the creation of a tax-exempt foundation as a fund-raising mechanism to access corporations in Prince Edward Island and other French organizations outside the province.

On 1 July 1992, the Chez Nous Co-operative held another public meeting to decide whether to proceed with construction or to delay it until the co-operative was able to raise additional funds. A financial report was presented. The Fund-Raising Committee had amassed a total of \$73,131.59. In addition, the Section 25 grant from Employment and Immigration guaranteed \$121,000. As a result, the \$544,000 building could be constructed with a mortgage of \$350,000. As well, annual operating costs were estimated to be \$238,540, which included staff salaries of \$133,000. Based on these projections, and an 80 per cent occupancy rate, the co-operative would have to charge each senior \$952 per month.

At this point a vigorous debate ensued. Some felt that construction should go ahead, whereas others pointed out that the \$952 figure was still too high for many seniors. One of the considerations pushing for an affirmative decision was the condition attached to the Section 25 grant: In order to retain the funding, construction had to begin before the end of March 1993. Given Prince Edward Island's weather, this meant that actual construction must commence no later than October 1992, so the structure could be enclosed before the winter storms.

After a good deal of discussion, the decision was postponed, and the officers of Chez Nous were encouraged to pursue their efforts during the summer. There would be a meeting in September to make a final decision. To the five women who started Chez Nous, this was a disappointment. It was now two years since they had begun the project. At the beginning, they thought it would take only six months. And yet they knew their plans had to be laid carefully if the co-operative was to succeed. Ida put it this way: "You have to be sure that once you get the building done and the people in it, you have some way of running it."

At the follow-up meeting on 16 September 1992, the initiating group's disappointment changed to elation. Thanks to the efforts of the co-ordinator and the Finance Committee, many good things had happened since July:

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the grant from to the Fisheries Alternative Program had been approved; L'Assomption Assurance had agreed to favourable mortgage terms; and the funeral co-operative had donated an additional \$21,000. As a result, the monthly charges to seniors could be reduced to \$870. With all this positive news, the consensus of the meeting was to proceed immediately with construction.

Thinking about all that had taken place since the Fund-Raising Committee had organized the Christmas in August event one year before, Lorraine said, "Last year, having the home for Christmas was a dream...a beautiful dream. But this year it could be a reality."

***Endnotes***

Note: This article contains a number of undocumented quotations obtained during interviews with Evangeline-region residents, all of whom gave their permission to be quoted. Further details are available from the author on request.

1. B. Van Vliet, "Wellington members flock to opening despite storm," *Atlantic Co-operator* (April 1990), 23.
2. R. Arsenault, "Evangeline, Prince Edward Island, the uncontested co-operative capital," *Worker Co-ops* (Winter 1988), 7.
3. C. Gallant, "Evangeline co-ops keep wolf from door," *Maritime Co-operator* (February 1991).
4. G. Arsenault, *The Island Acadians, 1720-1980* (Charlottetown: Ragweed Press, 1989), 255.
5. J. Laforest, "La construction du Chez-Nous débutera à condition," *La Voix Acadienne* (16 September 1992), 3.
6. R. Arsenault, "On étudie les possibilités de mettre sur pied un centre de soins communautaire pour personnes âgées," *La Voix Acadienne* (11 December 1985), 3.
7. R. Arsenault, "Demande pour un centre de soins communautaire," *La Voix Acadienne* (19a February 1986), 13.
8. R. Arsenault, "On vent se renseigner sur l'établissement d'un centre de soins communautaire," *La Voix Acadienne* (30 March 1988), 3.
9. "Père Noël apportera-t-il un centre de soins communautaire à la région Evangeline?" *La Voix Acadienne* (7 August 1991), 3.
10. J. Laforest, "On saura en septembre si on construit ou si on remet à plus tard," *La Voix Acadienne* (1 July 1992), 3.



*Strangely, the “capitalists” bothered us relatively little, if at all. I can remember one case where a rather important local merchant, who also happened to be a Catholic, forbade his employees to join a credit union. He was roundly called down by the parish priest, from the pulpit, for daring to interfere with this work of social justice. But such instances of opposition were not frequent...*

*Those who, theoretically, should have fought us to the death were strangely tolerant, or indifferent. Our biggest troubles, our worst headaches, always came from our friends; and the more sincere the friend, the greater his convictions of the worth of the movement, the greater the nuisance he usually would turn out to be. After a while these “sincere” people were shaken out of the movement, or left, disgusted that we had not brought about a heaven on earth via co-operation. Then we were able to build with the solid element that remained.*

J.T. Croteau, *Cradled in the Waves*  
(Toronto: Ryerson, 1951), 42.



***August 13, 1926.** Board meeting all day. Very slow progress. The greatest mistake we ever made was to have a Board of 16 members. The best and most valuable members are without exception the ones who have least to say....**November 17.** Our Board was in session all day....The impossibility of the size of our Board becomes more evident every day. We will be sitting continuously soon....**April 22, 1927.** Board meeting all day....**February 24, 1928.** Board meeting all day. For once and a wonder we got through Friday evening. **August 17.** Board meeting all day. Board adjourned at 6:30 for a wonder. It seems to have become customary to meet for a week. Too much of a disposition on the part of a few members to discuss and interfere with trivial matters of administration. I went to Winnipeg on the evening train.*

A.J. McPhail diary entries  
in H.A. Innis, ed., *The Diary of A.J. McPhail*  
(Toronto: University of Toronto Press, 1940), 139.

PART THREE



# *Millennium*

# ***Co-operatives and the New Millennium***

## *The Emergence of a New Paradigm*

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**O**ver the last twenty years, there has been a strong trend towards change in almost all aspects of the world as we used to know it. These changes have provoked a profound transformation in organizations, including co-operatives. Yet these transformations also allow us to examine co-operative foundations from a totally different perspective, which is why this paper refers to the emergence of a new paradigm. The trends identified as the basis upon which future organizations will be built should lead to a re-evaluation of the specific nature and structure of co-operatives.<sup>1</sup>

We need to take a second look at co-operatives. On the one hand, they have more difficulties than ever in distinguishing and differentiating themselves from privately owned enterprises. On the other hand, recent developments in organization theory, and the trends in organizational transformation, open up a number of opportunities to renew and enhance their distinctive characteristics. This paradox finds its solution by shifting the analysis from a traditional approach towards the development of a new paradigm.

### ***A New Context***

Like all contemporary organizations, co-operatives are faced with important changes. Let us look at some examples.

Agropur is the largest dairy co-operative in Canada—in fact, it is one of the largest in the world. In 1997, it showed a turnover of \$1.4 billion, with close to 5,000 members and 2,800 employees.<sup>2</sup> In the last five years, Agropur has seen its competitive environment change profoundly. From an industry

mainly controlled by Canadian enterprises—mostly small family organizations—the industry has shifted gears and become global, not so much in its selling and buying of products, though that day will come, but through the emergence of powerful global leaders such as Nestlé, Unilever, Danone, and Parmalat. These leaders, which might be called “globocorporations,” have established a strong presence in all key markets around the world. Canada is no exception. This is why there has been a significant concentration of the Canadian dairy industry among a handful of players—Parmalat, Agropur, and Dairyworld Foods. This competitive pressure is enhanced by the even stronger concentration in food distribution coast to coast following the acquisition of Provigo by Loblaws, and IGA by Sobeys. These powerful changes affect all organizations involved and require a re-evaluation of their competitive advantages and capacity to perform in such a hostile environment.

The same scenario is occurring, even faster and with more intense effects, in the financial services industry. The evolution of regulation, the transformation provoked by information and communications technologies, and the arrival of new financiers have revolutionized the industry. In such a difficult context, Desjardins and credit unions have to restructure drastically. Here again, the question of competitive advantages and strategic positioning is crucial.

In this environment, managers and leaders naturally question the capacity of co-operatives to compete. Is the co-operative model of organization well suited to handle these challenges? Co-operatives around the world are faced with the same complex issues. For some, the answer is no. They prefer to become a private capitalist organization of some sort. Others reaffirm the relevance of the co-operative model. All question themselves.

### ***The Increasing Difficulty of Being a Co-operative***

Traditionally, co-operatives have been distinguished on the basis of principles and values. Three main traits need to be strongly underlined—the double identity of ownership and usership; democratic control and orientation; and the redistribution of surpluses based on the transactions between the members and their co-operatives. These characteristics are what distinguish a co-operative from a private, capitalist organization.

However, most members of large, mature co-operatives no longer recognize these distinctions. The lack of co-operative education is certainly one reason for this situation. These mature co-operatives were founded several generations ago, and when vigilance is not constantly renewed through education, members tend to become mere clients and act like clients. The size of membership also poses serious problems. How does one train, inform, and consult an association of fifteen thousand members? Economic democracy is still young and ill-equipped for such challenges, certainly from a man-

agerial point of view. How can managers integrate participatory practices in such a large association of members when it is already difficult for them to involve employees? Furthermore, co-operatives are faced with the problem of collective action. Members can all benefit from the efficiency of the co-op, even though they do not necessarily share the burden of investing time and energy in its control and orientation. This well-known problem in economics—the free-rider problem—is certainly a key factor in explaining the low level of member participation in large co-operatives such as les caisses populaires and the credit unions.

Members receive limited education about co-operatives, and therefore tend to compare the co-op with its capitalist competitor. For example, members of a caisse populaire will compare products, services, and prices. When they deal with their co-op, most of the time they are unaware of the nature of the relationship in which they are involved. The small amount of money invested to become a member is more like the casual payment of a fee than a thoughtful decision to become an owner of a co-operative designed to respond to your needs. Strangely, managers and employees face a similar lack of knowledge about the organization for which they work. Considering such an absence of understanding, it is unlikely that either members or employees will act according to co-operative principles and values.

This serious problem is augmented by the general discourse of the dominant system. Rarely do we hear about co-operatives, either in school or in the mass media. Their relative marginality results in their specificity being hidden by the strong voice of capitalist discourse, the obvious standard of reference. This is even more of a problem since the evolution of large co-operatives has brought them head-to-head with their capitalist competitors. Historically, members were capable of distinguishing a caisse (credit union) from a bank by what it did or did not do, or by the fact that it agreed or did not agree to service them. Today, those differences have all but disappeared, and most members can walk into a bank or a caisse populaire and find similar products and services at comparable prices. How do people distinguish between them if no one has educated them about the subtle but profound differences? And without this understanding, how can people appreciate the potential for different arbitrages once co-operative principles and values are fully implemented? We rarely get to the point where the most valuable differences can be observed, since we don't start building those differences. How can people perceive differences if they don't even know they exist?

The problem of large, mature co-operatives is further complicated by the profound transformation of the current social economy. Co-operatives these days are very much aware of the overlap of their membership with the clientele of their competitors. They are not aware, however, of a stronger reality from the associative point of view. Members can be involved in a number of collective organizations. Research and surveys demonstrate year after

year that 25 percent of the general public is involved in such nonprofit enterprises. From these figures, it is possible to hypothesize that an equivalent percentage of members and employees of co-operatives are involved as well, but outside their co-operative. The rapidly growing number of nonprofit organizations will make this reality even more acute. By not paying attention to their interconnections with other associations, large, mature co-operatives significantly limit the impact of their actions.

Finally, the difficulty of recognizing a co-operative is compounded by the appropriation of managerial practices from capitalist enterprise without much thought given to the absence of neutrality of those practices. A good example of this is the Desjardins competency charter.<sup>3</sup> The charter, called DACUM (Develop a Curriculum), reflects a detailed view of what it takes in terms of competencies to be an efficient manager. This is all very well, but more than 90 percent of those competencies are thought to be identical whether one operates a bank or a financial co-operative. Since practices are built from these competencies, members are unlikely to differentiate co-operatives from within either. Because most managers are hired for their expertise in a specific area, without any further reference to their understanding of the co-operative's specificity, they cannot be expected to behave any differently than if they were managing a capitalist organization. Everything surrounding them points in that direction, including the very basis of their performance evaluation.

It is therefore difficult for anyone to recognize a co-operative organization these days. For the few who can, the question becomes: Does it make any difference anyway?

### ***An Organization of the Future***

Over the last ten years, an increasing number of authors have investigated the question of the "organization of the future." Authors such as Crozier (1989), Sérieyx (1993), Hammer and Champy (1993), Peters (1992), Prahalad and Hamel (1994), Blackwell (1997), Davis and Meyer (1998), and Brilman (1995) all provide a good understanding of the "redefinition of the concept of organization." The logic behind such a major redefinition of the organization lies with the drastic transformation affecting the economy, which Brilman explains clearly with the following key factors:

- (1) the imbalance between supply and demand, and the necessity to constantly imagine and innovate;
- (2) the rise of consumer sovereignty and its new requirements and characteristics such as contraction of time-space, the seriousness and competence of consumers, and deception about what they are being offered;

- (3) the increased transparency of markets through new communication technologies;
- (4) the globalization of markets, and so on.

These forces result in pressure for the organization to adapt and transform itself both in terms of products and services, production technologies, the organization itself, and its mentality and behaviour.<sup>4</sup>

Blackwell expresses similar views and draws the conclusion that “these and other factors are putting the squeeze on today’s corporations.” Looking into the crystal ball, he forecasts a future in which “excellence will be the minimal requirement to stay in the game.” and goes on to say that “the winners of tomorrow will be united by a common ability to penetrate the mind of the consumer. As businesses of all types become consumer-based, all companies will need to have some mechanisms in place to express their thoughts and feelings, as well as systems to transform those ideas into products and bring them quickly to market.”<sup>5</sup>

All these changes put enormous pressure on organizations to adapt. Again, Brilman provides an interesting overview of what has emerged since the early eighties—concepts such as total quality, just-in-time, re-engineering, outsourcing, flattening, benchmarking, lean company, world-class organizations, horizontal enterprise, learning organization—all of which have been developed and implemented in various degrees. According to Brilman, all these models are not incompatible; on the contrary, they are coherent and convergent when viewed over a sufficient period of time and through the lens of pressures from the markets and the need to respond accordingly.<sup>6</sup>

These ideas are found in various forms in an increasing number of authors. It is interesting, though, to come back to one of the first to have adequately looked at these transformations and the need for a new organizational paradigm. Crozier, in his ground-breaking book *L'Entreprise à L'Écoute*, refers to the emergence of a new logic of enterprise. The trends mentioned earlier, mainly the central role of consumers, lead to an emphasis on quality and services. Human resources, therefore, become the most important ones. The capacity to innovate puts nonmaterial investment in the forefront, which leads to learning as a central concept. The managerial revolution that is needed will be based on the capacity of entrepreneurship, of combining various partners, of recognizing nonmaterial investment, and on the ability to organize learning. Crozier concludes that three principles will dictate the new concept of enterprise: simplicity, autonomy, and governing through culture.<sup>7</sup> The human mind, therefore, becomes the key, requiring increasing competencies, and the ability to re-examine the variables of human behaviour in order to obtain a stronger convergence and co-ordination, to increase co-operation among people more freely than ever.

***Bridges between an Organization of the Future  
and the Nature of a Co-operative***

It is amazing to observe these changes taking place in organizations, for reasons of efficiency and survival, and to realize how much value they unwittingly place on the distinctiveness of co-operatives. The point here is certainly not to predict that most organizations will transform themselves into co-operatives. They will not. However, it is fascinating to consider these trends and then go back to the “old co-op model” and ask how much these changes help us reinterpret its values and principles. Furthermore, if there is a convergence between co-operative values and principles and the emerging organizational paradigm, we may find a solution to a most serious problem facing co-operatives: that is, to move from values and principles towards a proper operational framework to get those values and principles into action. This lack of a proper framework for co-operative management is certainly central to the capacity to transform the human values put forward by co-operative leaders into the competitive advantages desperately needed to remain in business.

With these bridges in mind, this paper will focus on four key elements of the emerging organization of the future, namely:

- loyalty,
- the search for meaning and legitimacy,
- mobilization through values, and
- the learning organization.

Such an approach allows us to start looking at the co-operative model with a different mindset. Most co-op managers known to the author seem to regard the co-operative model as one of the past. They have heard enough about values and principles, but are without proper tools to implement them in a day-to-day operation. Furthermore, the ever-increasing pressure of their environment requires responses at all four of the levels outlined by Brilman and mentioned earlier (products and services, processes, social organization, mentality and behaviour). Like all managers, they are left with no choice but to find answers to these very tough questions.

*What Do We Know about Loyalty?*

Reichheld states that on average, American firms lose half their clients every five years, half their employees every four years, and half their shareholders every year. He compares that to a tragedy that affects the performance of those organizations by an average of 25 to 50 percent, perhaps even more. Managers working to keep an organization afloat, and further, hoping to

make it grow profitably, while losing their most valuable assets to such a large degree, have an almost impossible job. At the same time, organizations capable of “earning” loyalty grow and generate amazing profits.<sup>8</sup>

Reichheld identifies “what we know about loyalty.” First of all, it is impossible to expect a loyal customer base without loyal employees. The best employees prefer working for an organization capable of delivering superior value to consumers, which in turn is necessary to earn consumer loyalty. Loyalty is based on the vision and reliability of senior management. Organizations that have it rely on long-term commitment and regard people (clients, employees, and shareholders) as their best assets. Losing them is an unacceptable destruction of value. Loyalty requires an appropriate selection of clients, employees, and shareholders, properly training them to contribute and receive value, and supplying them with incentives to learn these lessons by themselves. Loyalty is not possible at the margin. It needs to be the main concern of everyone involved in order to consistently deliver superior value. Finally, it requires a focus on human dignity, and needs to find an equilibrium between personal and collective interest. Management, therefore, needs to be based on people, their motives and behaviour, and humanistic values. In other words, it is not a trick.

What makes loyalty such a valuable objective is that it makes it possible to build profitability with every client through an expanded profit base, cost reduction in serving it, increased business volume over the years, and recommendations from fellow clients based on their high level of satisfaction with the organization that serves them.

Bhote, in *Beyond Customer Satisfaction to Customer Loyalty*, identifies ten principles required to put loyalty into place. At the top of the list, there must be a partnership based on ethics and integrity, without compromise. There must be a conviction that the organization is there to deliver superior value to its client. There must be mutual trust, and all parties must agree to open the books, leading to concrete, active, and mutual aid between clients and the organization, even coaching from both sides. There must be constant attention to variables that enthuse the clients, those that they identify themselves as the most important. There must be close proximity to the clients and a sincere interest in them even after the sale. Finally, the organization must anticipate their needs and expectations for the future.

### *Loyalty and Co-operatives*

All organizations want to achieve loyalty. Experts on this question, however, underline how difficult it is, and the need for a managerial revolution among firms if they want to accomplish it. From what we know about loyalty, it is obvious that it brings us closer to dealing with the complex issues of the or-

ganization of the future. That organization will generate strong competitive advantages for those who have succeeded in building it.

At this stage, though, the question is what about loyalty and co-operatives? A quick look at what loyalty is all about evokes a certain feeling of déjà vu. Is it not amazing that the principles of loyalty are so coherent with those of co-operatives? Could it be that we have missed something; is it possible to link the development of the special nature of co-operatives to the development of loyalty? If that is the case, we will have accomplished two things. First, we will have identified an important source of added value inherent in the co-operative model. And second, we will have succeeded, at least partially, in bringing co-operative principles closer to action.

The traits identified earlier need to be re-examined with the issue of loyalty in mind. A brochure published by le Conseil de la coopération du Québec (CCQ)—*Les traits caractéristiques de la cooperative*—is helpful here.<sup>9</sup> According to the authors, a group of managers who are leaders of the co-operative movement, a co-operative is owned by those sharing the same needs that it is supposed to satisfy. There is a direct correspondence between the *raison d'être* of the co-operative and the needs of its members. The organization must build unity in the duality that characterizes it—ownership and usership, individuality and collectivity, social and economic, association and enterprise. It is remarkable to note that the very ambivalence at the foundation of the co-operative is at the heart of the issue all organizations face when considering loyalty. No organization can come closer than a co-operative, by nature and structure, to resolving such a difficult set of issues. The co-operative starts with a group of persons who create an enterprise to satisfy their common needs. In a co-operative context, the association and the enterprise are one and the same entity.

Their preoccupations as consumers encourages members to become owners of an enterprise. As stated in the CCQ brochure, such a different approach to ownership, while retaining an economic relation, becomes subordinated and integrated in an ensemble of social and moral links. It is this new perspective on ownership that allows the co-operative organization to push its humanistic values higher than any other organization can, at least in theory. Again, the values behind the management of loyalty are best exemplified in a co-operative context. A co-operative does not have to make fundamental changes to its principles in order to find a proper balance between conflicting values and a management centred on people—again, in theory. Ethics, mutual trust, proximity, reciprocal learning, putting consumer satisfaction first before, during, and after the transaction, are at the heart of the co-op's existence.

The reality, of course, is different. The failure of co-operative reality to live up to co-operative theory has to be linked to the lack of understanding

about the nature of co-operatives. Lack of co-operative education, lack of concepts to appreciate the distinctiveness of co-operatives, and the use of a capitalist framework by most managers are undoubtedly at the heart of the problem. When vigilance is relaxed, links among members become loose, making it difficult to maintain their solidarity and common interest. They stop participating and then “we no longer have a true co-operative.” It is at this point that the full potential of the co-operative, its higher order of arbitrage, gets lost. Is it possible that by looking for loyalty, a desirable quality indeed, we find a way to appreciate co-operative potential, and go even further than mere commercial loyalty.

#### *In Search of Meaning and Legitimacy*

Prahalad and Hamel<sup>10</sup> recently published what is considered a new paradigm about strategic approaches to organizations. To them, competition for tomorrow requires a deep understanding of emerging opportunities, commitment, acquisition of new competencies, and the capacity to impose standards, and then to fight for market share. Managers need to develop a distinct view of the future; they need to gain intellectual leadership. In order to achieve such leadership, organizations must be able to rethink their genetic code (i. e., beliefs and practices). They need to learn to forget in order to regenerate their strategies. Their key concepts, such as intellectual leadership, strategic architecture, and strategic intent are based on a democratic approach and should be shared as widely as possible if they are to be implemented efficiently.

When they deal with the idea of strategic intent, they seek a source of energy by which to construct the future. And they see it coming from the intellect and the emotions of employees concerned more than from financial resources. In their model, the brain is the strategic architecture while the heart is the strategic intent, and the resources available are bad indicators of future leadership. The strategic intent represents a shared dream, a felt meaning, and implies a substantial stretch beyond the actual objectives. It indicates a sense of direction, a destiny. Goals derived from it must command respect, allegiance, and aim at making a difference. They must call not only upon the brains of employees, but also on their hearts.

#### *Co-operatives and Meaning, Legitimacy*

As we did for loyalty, it is most interesting to look at what this new approach to organizational strategy means for co-ops. Of course, we need to appreciate how this new paradigm brings solutions to the issues faced by the organizations of the future. The lack of balance between supply and demand, the idea of the consumer-king, transparency, globalization, requirements

of excellence, the ability to penetrate the consumer mind, and the need for some mechanism to express thoughts and feelings—all of these lead to an emerging logic based on nonmaterial investment, the human mind as the key, simplicity, autonomy, and governance through culture. Based on these challenges faced by organizations that want to be part of the future, Prahalad and Hamel certainly make an interesting contribution. But what about the co-operative model in all this?

Co-operative leaders have neither an advantage nor a disadvantage in terms of intellectual leadership and the capacity to build vision. The more significant point, however, is that strategic intent needs to draw from the heart as much as the brain in order to make a difference. Again, if co-operative distinctiveness, properly understood, carries all this potential, it could link us to a second set of significant competitive advantages for co-ops.

The 1997 CCQ brochure identifies some key points that will help us here. It has already been mentioned that co-operative property is seen from a distinct perspective, subordinated to an ensemble of social and moral links. Because of its inherent duality and ambivalence, co-operative property has to harmonize collective and individual interests. It is centred on the reinforcement of membership status, and therefore, economic interests are articulated on a higher order. The co-operative advantages are found in the shared surplus but also in the improvement of the member's bargaining power. Based on these facts, the CCQ committee draws the conclusion that wealth is more equitably distributed when it is divided by those who contributed to its creation. This distribution is based on needs, for a larger group, and can be seen as a higher ideal of social justice. Co-operative organization is therefore seen as a formula that helps bring us closer to a more just and humane society.

This conception of co-operative organization certainly seems capable, in theory, of adding value to the concept of strategic intent, and everything it entails. The concept is full of dreams, meaning, and emotions. It can draw from the brain as much as from the heart, and certainly hopes to make a difference. Since all of that is necessary to compete for the future, is it possible that, if properly understood, the co-operative model has inherent competitive advantages? The success of a number of co-operatives that emerged in very difficult circumstances would seem to be a living proof of that.

#### *What Do We Know about Mobilization?*

The mobilization of human interests and resources is an important factor in any organization of the future. The changes to which we have alluded leave us with an organization, as Hammer says, "with a historic chain reaction underway. When the customer comes first in the environment, something has to adjust in the company culture."<sup>11</sup> Hammer goes on to say that we must re-

linquish commands, and that customers require whole human beings possessed of hands, heads, and hearts to serve them. Security, stability, and continuity are gone, but the new regime offers freedom and personal growth, and initiative for opportunity. How can we accomplish that if motives and incentives are not sufficient?

Mobilization needs to be put in proper perspective regarding performance. Boyett and Boyett refer to the work of Thomas Gilbert as still a key reference in this matter. Gilbert states that performance is the result of what people bring to the job: knowledge (the result of education, training, and experience); capacity (physical and mental ability); and motives (the individual's values, beliefs, and preferences). Employees also require certain environmental support in order to function effectively: information (goals and objectives, what is expected from them, and how well they are doing); instruments (tools, techniques, technology, processes); and incentives (monetary and nonmonetary). According to Gilbert, if you establish the right repertoire of behaviour and the right environmental support, you get competent, even exemplary, performance.<sup>12</sup>

Among the variables mentioned by Gilbert, the question of incentives needs to be addressed more specifically. Chester Barnard remains a major reference. He recognized long ago that the problem of "incentives to collaborate" was fundamental in all organizations. According to him, it is where management had failed most notably. Barnard defines incentives as specific or general. Specific incentives can be material, personal opportunities, and satisfaction of personal ideals. He sees the latter as an important and inadequately addressed factor compared to material incentives, which "are largely overstated." In terms of general incentives, he lists associative attractiveness, methods and habits, opportunities of enlarged participation, and conditions of community, such as solidarity among employees, friendship, social integration, and mutual support.<sup>13</sup>

Barnard clearly attaches a great deal of importance to nonmonetary incentives, which have been largely underrated—namely, satisfaction of personal ideals, opportunities for enlarged participation, and conditions of community. Goleman confirms this idea that people do not work for monetary reasons alone: "What fuels their passion for work is a larger sense of purpose or passion."<sup>14</sup> According to him, the ultimate sources of satisfaction are the creative challenge and stimulation of the work itself, plus the chance to keep learning. Next come pride in getting things done, work friendships, and helping and teaching people on the job. Much lower on the list is status. And even lower is financial gain. He goes on to say that the motivation and inspiration that energize people need to be based on the satisfaction of basic human needs for achievement, a sense of belonging, a feeling of control over one's life, and the ability to live up to one's ideals.

*Co-operatives and Mobilization*

Again, what can we make of this in a co-operative context? As we did for loyalty and meaning, is it possible that we can find, in the nature and structure of co-operatives, incentives that could generate competitive advantages? Considering the general view developed by Gilbert, and the perspective on incentives provided by Barnard and Goleman, it is worth exploring.

The question of the mobilization of people involved in co-operatives demands a consideration of employees as well as members. Regarding the problem in such a perspective is important, considering the issues faced by an organization of the future.

Putting value on co-operative nature and structure with regard to mobilization requires considering the co-operative's *raison d'être*. We also need to take into account the new perspective on ownership, which becomes subordinated and integrated in an ensemble of social and moral links. The clear consciousness of solidarity and the need to consider individual as well as collective interests are important factors as well. Finally, the economic democracy at the heart of co-operative orientation, and the shared advantages for a large number of people—and not only for the most wealthy—lead to an ideal of social justice and a more humane society.

Considering the co-operative in this light certainly offers ample opportunities for employees and members to experience achievement, a sense of belonging, a feeling of control over their lives, and the opportunity to live up to their ideals. Again, it is worth hypothesizing that the nature and structure of co-operative organizations can provide a specific answer to the serious issue of incentives. Most interesting are the opportunities in terms of mobilization of customers—members in this case—through their integration with the organization. It seems obvious that a private capitalist organization cannot benefit from such a natural relationship. With respect to employees, the same things can be said, as long as they fully understand the true nature of the organization for which they work.

Having said that, of course, it is necessary to create suitable conditions, such as knowledgeable people with the proper capacity and motives. They also need to be provided with the appropriate information and instruments that accompany the incentives such as we have been discussing.

*A Learning Organization*

Organizations have been learning since day one. Talking about a learning organization, therefore, has to be a question of degree. However, the concept needs to be put in perspective in light of the profound changes we are undergoing. One of the major consequences of this is the need to question deeply what we know, believe in, and act upon. More than ever before, we

need to develop skills with respect to learning. Those skills have to be at the level of individuals, of course, but that in itself is not enough. Individual learning is a necessary but not sufficient condition for organizational intelligence. In fact, organizational learning needs to be structured at the levels of the individual, the team, the organization, and its clients. Boyett and Boyett provide useful information on the main ideas behind the learning organization. The following discussion is based on their book *The Guru Guide*.

Although the concept of the “learning organization” has been around for some time, it did not become a major trend until the early nineties. The research of people such as Chris Argyris, Edgar Schein, Daniel Kim, and Peter Senge has deeply influenced what we know on this subject.

First of all, we have to recognize that the most important learning occurs on the job, and that it is most effective when in a social and interactive context. Real learning occurs when we have concrete experiences in the workplace. We reflect on those experiences, form concepts and generalizations based upon them, and finally, test them through new experiences. This is what Kim refers to as the “wheel of learning.” This wheel of learning structures what can be referred to as our mental models, which are deeply held images of how the world works. When we begin to share our knowledge of know-how and know-why with others, organizational learning begins.<sup>15</sup> Since the organization’s unrecorded wisdom is more valuable than the captured knowledge, the “community of practice” becomes essential for organizational learning.

Problems with organizational learning occur when we fail to recognize and challenge the mental models that control our actions. According to Senge, our mental models misrepresent reality. The principal disability for most of us is that we fail to recognize the true cause-and-effect relationship in any given situation. Learning fails also because organizations have an improper, unsuitable culture. Schein suggests that a culture that enhances learning needs to balance the interests of all stakeholders (customers, employees, suppliers, community, and stockholders); it must focus on people rather than systems. People must believe that they can change their environment. The organization must make time for learning; being lean and mean, therefore, is not a good prescription for organizational learning. It must take a holistic approach to problems, and encourage open communication. Finally, it must believe in teamwork and have approachable leaders. Most organizations today have a culture that inhibits learning.

Organizations also need to be able to learn from customers. This paper has referred at several points to the importance of “mind to market,” the need to penetrate the mind of consumers. This relates to the imbalance between supply and demand, and the rise of the consumer as king. The importance of such a revolution takes a curious perspective when considered by Davis and Meyer, who examine what we know about the economy, the

organization, and its strategy using what they call the rise of immateriality, connectivity, and speed.<sup>16</sup> These three elements, they believe, create an environment where everything becomes a blur. What are the consequences of such an environment?

Though too complex to go into in detail, one point worth making relates to the transformation of the relations between buyers and sellers. Organizations will need to offer consumers permanent access, in real time, online, based on interactivity that will require constant learning both by capturing information from their users and also by initiating new actions based on this knowledge. They will have to anticipate what consumers will require and be prepared to deliver goods and services “tailored to fit.” Finally, they will need the capacity to evolve through extension of the original product or service. Management of such offers will be based on a long-term perspective, totally dedicated to customers. Davis and Meyer go so far as to say that the best offers will establish relationships that integrate the client into a larger community, where loyalty emerges from a feeling of belonging to a community created by such an offer.

They argue that the distinction between buyer and seller will tend to vanish, and they will find themselves linked into a web of economic, informational, and affective exchange. Consumers have more and more consciousness of the real value of the information they can deliver. The problem is that in most cases there is no current mechanism to exchange this information for practical return. When this becomes properly understood, consumers are likely to form associations, express desires, mobilize to negotiate specific offers from a given enterprise—in other words, form associations. The enterprise must learn to link with the client on levels other than economic, in a true, bilateral, affective exchange. Davis and Meyer argue that “in an economy where the notion of buyer and seller becomes blurred, and where the transactions become multidimensional, this idea becomes perfectly logical.” The question becomes “are you capable and ready to organize your clients, or do you have to wait for some professional organizer to do it?” The exchange of a “continuum of value” created in common by buyers and sellers, simultaneously consumers and producers, gives rise to a new economic structure.

### *Co-operatives and Learning*

It is fascinating to compare what is emerging as the dynamic of the organization of the future with respect to learning, especially considering the relationship with clients, and what we know about the co-operative organization. The problem related to the “wheel of learning,” however, does not have a particular solution in a co-operative context. We are still faced with the necessity of challenging our mental models. But when we look at the cultural

dilemma that inhibits learning in most organizations, we can link a number of aspects to the foundation of co-operatives—for instance, the need to balance interest among stakeholders, focus on people, and look at our environment as something that can be changed.

The potential advantages of the co-operative model become more obvious when we consider the relationship with clients, with members: permanent access, interactivity, constant learning and access to information from consumers, and the integration into a larger community. These are the fabric of the nature and structure of co-operatives. The connection is even clearer when we consider the vanishing distinction between buyers and sellers, and the emergence of associations linked to enterprise. What is described here fits perfectly with the nature and structure of co-operative traits, with their basic distinctiveness. The absence of a mechanism to properly link buyers and sellers is rectified with the co-operative infrastructure, even though it has been largely neglected. One has to wonder what economic structure will rise from such trends, but it is amazing to realize the commonality with the co-operative structure. It is well worth exploring whether there is a comparative advantage to be found in the development and exploitation of the specific traits of co-operatives. It seems that everyone will be looking at something of the kind.

### ***Conclusion***

As mentioned in the first section of this paper, managers of co-operatives generally do not exploit the potential inherent in the specific nature of co-ops. The purpose of this paper was to explore the concept of the organization of the future, and put it in perspective with the concept of the co-operative. By looking at the challenges ahead faced by all organizations, we can identify the added values carried by co-operatives. Furthermore, we can link these added values to specific competitive advantages that everyone is seeking in this hypercompetitive world we are entering.

Instead of looking at the co-operative model as a solution of the past, we need to start looking at it as a solution of the future. Of course, it will require a lot of work to build this inherent potential into reality, even though there are already strong traces of it in a number of co-operatives. Initially, there was a need to find good reasons to start looking for solutions. Then there was a need to establish a new framework by which to refer to co-operatives. There is a clear need for a different paradigm. This paper has tried to provide ideas along these lines by defining what challenges lie ahead for organizations, and then re-evaluating the co-operative foundations.

There are a number of practices already in place in some co-operatives that help us move from theory to implementation. Organizations such as Agropur, la Coopérative forestière des Hautes-Laurentides, la Caisse d'é-

conomie des travailleuses et travailleurs de Québec, la Caisse de St-Lin, la Caisse de St-Rémy, la Coopérative agricole des Appalaches, and la Caisse de Saint-Roch-de-l'Achigan are examples from which we can learn. A number of these cases have been written.<sup>17</sup>

There is an urgent need to educate managers and employees about issues facing organizations of the future, and to address the potential of the nature and structure of co-operatives. Such education must be approached by looking at the competitive advantages of the co-op model. The integration with the “main frame” of the organization needs to start with thoughts about strategic intent. This is where the co-operative project, constantly renewed, is buried. From such a strategic intent, we can move to structure, both with respect to the association and the enterprise. Structure is essential since it carries the sharing of power. How much power is found in the associative structure (compared to the enterprise) is a key question if we want the meaning and legitimacy of the co-operative project to be affirmed. Finally, all of this needs to deliver a number of arbitrages from strategic decisions that are coherent with both the strategic intent and the structure.

When the main frame is in place, i.e., when strategic intent, structure, and strategic decision making are well aligned, we can look back at it all through the concept of the organization of the future, loyalty, meaning and legitimacy, mobilization through values, and the learning organization. The full potential of the co-op model will start to reveal itself and be transformed into competitive advantages. This will happen when we realize that there is a need to reinvest in the development of co-operative distinctiveness.

### **Endnotes**

1. This paper is based on a number of research projects undertaken by the author over the past ten years. They have included topics such as co-operative education, globalization and the relevancy of co-ops, managerial practices in a co-operative context, co-operative entrepreneurship, and co-operation and organizations of the future. This paper is also based on a continuing discussion with co-operative managers through conferences, teaching, interviews, and case studies.
2. Agropur, *Annual Report*, 1997.
3. The charter referred to here is not employed any more in Desjardins. The example is interesting, however, because it reflects how this problem of competency is approached.
4. J. Brillman, *L'Entreprise Réinventée* (Les Éditions d'Organisation, 1995), 24–25.
5. R.D. Blackwell, *From Mind to Market* (Harper Business, 1997), xvi and xviii.
6. Brillman, 299.
7. M. Crozier, *L'Entreprise à L'Écoute* (InterEditions, 1989), 51.
8. F. Reichheld, *The Loyalty Effect* (Harvard Business Press, 1996), 15.
9. Conseil de la Coopération du Québec, *Les Traits Caractéristiques de la Coopération*, 1974.

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10. G. Hamel and C.K. Prahalad, *Competing for the Future* (Harvard Business School Press, 1995).
11. M. Hammer and J. Champy, *Le Réengineering* (Dunod, 1993), 26.
12. J. Boyett and J. Boyett, *The Guru Guide* (John Wiley and Sons, 1998), 243.
13. C. Barnard, *The Functions of the Executives* (Harvard University Press, 1938).
14. D. Goleman, *Working with Emotional Intelligence* (Bantam, 1998), 58.
15. Boyett and Boyett, 90.
16. S. Davis and C. Meyer, *Blur* (Addison Wesley, 1998).
17. D. Côté et al, "Agropur et la formation coopérative," 1993; "Formation ponctuelle et intégrée: le cas de la Coopérative forestière des Hautes-Laurentides," 1993; D. Côté et F. Boulva, "La coopérative agricole des Appalaches: la coopération—un choix stratégique," 1999; D. Côté et A.A. Gratton, "La caisse populaire Desjardins de St-Lin," 1998, and "La loyauté à la caisse populaire Desjardins de Saint-Roch-de-l'Achigan," 1999. All of these cases appeared under the imprint Cahier du Centre de gestion des coopératives.

This paper also made use of the following reference material not specifically quoted in the text: Bhote, K.R. *Beyond Customer Satisfaction to Customer Loyalty*. AMA Membership Publications Division, 1996; Hammer, M. "The Soul of the New Organization" in *The Organization of the Future*. Jossey-Bass, 1997; Peters, T., *Le Chaos Management*. InterEditions, 1992; Senge, P., *La Cinquième Discipline*. First, 1991; and Sérieyx, H., *Le Big Bang des Organisations*. Calman-Lévy, 1993.



*We thus have a paradoxical picture in which co-operatives are likely to face enormous difficulties in the tough competitive conditions of the 1980s and 1990s, but in which it may come to be increasingly recognized that co-operatives could have a major contribution to make to solving long-term economic problems. But the more equitable system required to make the economy work better is precisely the one under which co-operatives are more likely to develop: that is to say, one in which a more equitable distribution of wealth and income has made it possible for more people to save and form co-operatives.*

*In considering the conditions that co-operatives are likely to face in the year 2000, we need to consider the extent to which governments and international organizations are likely to take positive steps to encourage co-operative development. If they are persuaded of the relevance of co-operatives to their own pressing problems, they may be more active in encouraging co-operative development and a wider application of co-operative principles. The task of the international co-operative movement is to show how relevant co-operatives are to the tough problems that face the world.*

A.F. Laidlaw, *Co-operatives in the Year 2000*  
(Ottawa: Co-operative Union of Canada, 1980), 29.

# *Marketing Co-operation in a Global Society*

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## *Introduction*

**T**he collapse of Asian banks leads to destitution for Canadian hog farmers and the loss of their farms. The trillions of dollars swirling around daily in the international money markets routinely drives the currencies of healthy economies up and down in hours. Megamergers between megacorporations create new entities larger than many nation states. These are the phenomena of globalization—the decreasing self-sufficiency of local societies and economies and the emergence of a single, interconnected, global economy and society that spans the entire globe.

As globalization builds what increasingly looks like an economic house of cards, co-operatives have to rethink every aspect of how they do business. How do co-operatives and the purposes for which they were created fit in a global economy created for other goals? How do co-operatives remain faithful to the reasons for which they were created and still survive on a playing field shaped by global corporations? How will they develop the elected and management leadership that will make them successful as co-operatives and survive globally?

How co-operatives educate and market is no exception. This paper looks briefly at the global context in which co-operatives are struggling, the strengths of co-operatives, market research, marketing trends, and examples of how some co-operatives are responding.

### ***Global Trends***

It is vital for co-operatives to explore the global trends in which they are immersed because co-operatives are made more relevant by those trends. To describe global trends adequately could take several books. The goal here is simply to give a broad-brush-stroke description of a few trends, which help define the co-operative global opportunity. It is important from the start to note that these trends are interconnected. They are streams that form part of the flooding river of globalization.

The growth of investor-based corporations through mergers, buy-outs, growth, and market control started more than a hundred years ago but has become explosive in the last two decades. Corporations have fueled a growth in technology designed to enhance their ability. These technologies have made worldwide operations and mobility possible and allowed global money markets to circulate trillions of dollars a day. At the same time, the emergence of global mutual funds combined with stock-market instability has put enormous pressure on corporations to produce high, short-term returns.

The rising power of corporations has fueled the opinion that decisions should be left to the markets, and that governments should play a smaller and smaller role in the allocation of resources at the national or global level. Corporate mobility has grown, and increasingly, money markets have the power to punish governments not eager to surrender national interests to corporate benefit and market forces. These developments have left governments less and less able and/or willing to risk bold decision making.

Around the globe, pressure on governments has mounted to accept a new economic framework favourable to unrestricted global corporate activity. This framework includes measures to open borders to trade (most trade being inter-corporate transfers); gear local production for export; privatize public utilities; deregulate; cut taxes; and cut social spending on health, education, and welfare. These "structural adjustment programs" were willingly accepted by rich nations and forced on the less wealthy by the World Bank and the International Monetary Fund.

A major portion of decision making around the world, in rich and poor countries alike, has shifted from governments based on one person/one vote, to corporations and the market-place, based on one dollar/one vote. The implications of this shift are profoundly disturbing in light of the parallel trend of a worsening distribution of wealth.

In 1990, the richest 20 percent of humanity garnered 82.7 percent of the world's income, while the poorest 60 percent got less than 10 percent of it. Three hundred and fifty-eight billionaires controlled more than 45 percent of the world's wealth. These figures would be disturbing if things were getting better, but alas, they are getting worse, and the trend extends to the

populations of the richer countries. By 1996 the richest 20 percent received 85.2 percent of the world's income and 365 billionaires controlled more than 50 percent of it. Considered in light of the shift in decision making to mechanisms based on one dollar/one vote, the result is not encouraging.<sup>1</sup>

In 1973, the richest 10 percent of families with children made 21 times the poorest 10 percent. By 1996, the richest 10 percent made 314 times the poorest. Full-time workers have fallen from two-thirds of the labour force a generation ago to half today.<sup>2</sup>

Finally, our world faces a worsening ecological crisis. The interdependence of the natural world has led to species collapse, global warming, a clean-water and clean-air crisis, and multiple health impacts for humans. Technological disasters are often followed by attempts to find technological solutions. Our ability to impact the global ecology is enormously greater than our understanding of its subtle complexity. For the first time in the history of our universe, the number of species is declining rather than expanding.

Two points about these trends are worth noting. First, none will lead to catastrophe tomorrow. Their effect will take years and even decades. Apologists for the status quo will rail about negative thinking by the prophets of doom endangering our prosperity. But this so-called negative thinking is really the foundation of positive thinking. All problem solving begins with a definition of the problem—the negative. Without a realistic assessment of our reality, problem solving is simply absurd. Second, these trends, as suggested above, are profoundly interrelated. The technological explosion, for example, is related to the growth of corporations, the pressure on ecological systems, and the worsening distribution of wealth.

### ***Co-operative Strengths***

This brief summary of global trends is not depressing if one reflects on the opportunity it presents for co-operation. Co-operatives were created by people who needed an alternative to investor-based corporations to meet their needs. Consumers were getting chalk in the flour, rock in the coal, and paying for a pound of goods that weighed only twelve ounces. Things were depressing. Workers created co-operatives because they were being cheated out of a fair share of the value of their work, or because investors would not invest their money and hire them. Rather than ignore their problems or look to others to save them, they solved the problem by creating democratic businesses they could trust to meet their needs.

Worldwide, co-operatives clearly present an attractive alternative way to organize our economy in the face of disturbing global trends. They are found in almost every country around the globe, they cross religious and ethnic boundaries, and have survived even hostile political regimes. There is almost no human need that people have not found possible to meet through

co-operation. Because co-operatives are organized from the bottom up, they rest on a community base. Decision making is done as close to the people, families, and communities as possible. Co-operatives are democratic institutions.

The structure of investor-owned business makes it more likely that such enterprises will exacerbate the trends noted above. By their own definition, their structure gives them a single bottom line and one sole overriding purpose—to maximize the return on invested capital. It is not their purpose, for example, to redistribute wealth or protect our ecology. When corporations sacrifice the bottom line to do good, it is because managers or board members are acting from ethical values they have chosen as individuals or as a group. They are not acting from values inherent in corporate structure, but from values they have as humans. The single-bottom-line structure is exacerbated by the pressure on corporations from mutual funds and other money-market mechanisms not only to maximize return, but also to do it in the short term.

The structure of co-operatives, on the other hand, inherently includes more than one bottom line, based as it is on a set of internationally recognized values and principles. This is not to say that they always do good and never do evil; they are as corruptible as churches. It is to say, rather, that in order to do evil, their boards and managers have to reject the values inherent in co-operative philosophy and structure. The co-operative structure does not guarantee a solution to disturbing global trends; it only offers a value-based structure. Co-operatives offer us room for hope, a structure people can trust because they own it, it is close to them, and is based on the dignity of people rather than the power of wealth.

### ***The Market Research***

But what if nobody valued co-operatives? If that were true, co-operatives would have to abandon their values and principles to compete and survive. What makes the co-operative alternative even more exciting is that research shows they are seen in a positive light by most North Americans (and further, one suspects, by people around the globe). Multiple polls show that if price and quality are roughly equal, about 90 percent of people in the US would prefer to buy from a co-operative.<sup>3</sup> When specific products are discussed, 65 percent would prefer buying food from a co-op if they could; 65 percent, other goods; 63 percent, financial services; and 51 percent, insurance.

While being a co-operative has strong market appeal, less than 33 percent of those polled knew Blue Diamond was a co-operative; 37 percent, Ocean Spray; 26 percent, C-Span; and only 23 percent, Servistar.<sup>4</sup> A 1995 survey by VanCity Credit Union showed that while more than 70 percent of respondents thought providing 4 percent of profits to the community and creating an environ-

mental fund were important, less than 40 percent were aware VanCity did both. It seems co-operatives do not yet manage to convert their appeal into market appeal.

Examples of other research findings:

- “Co-ops are needed in today’s society.” Agree—69 percent (Co-op Atlantic internal market report, 1992)
- “Which grocery store makes the greatest contribution to the community?” Co-op—50 percent; next best—11 percent (Co-op Atlantic, 1990)
- More than 75 percent of Californians believe “co-ops make their community a better place to live.” (Univ. Cal. Davis, 1995)
- “Credit unions exist to help people. Banks are created to maximize profit.” Agree—66 percent (Luntz, 1997)
- “Congress should pass legislation to help credit unions”—72 percent; “to help banks”—10 percent (Luntz, 1997)
- “Every consumer should have access to a credit union.” Agree—82 percent (Luntz, 1997)
- “... share their profits in the community.” Banks—14 percent; credit unions—53 percent (Market Explorers, 1996 and 1997).

While the results vary from survey to survey and one geographic area to another, the pattern is the same—co-operatives and credit unions are positively regarded and well positioned to respond to the negative impacts of globalization. It is also true that there are areas where co-operatives and credit unions are not well regarded because of past failures, or in some cases the use of co-operatives by governments with less than exciting results. These are nevertheless the exceptions that prove the rule.

### ***Is Co-operative Marketing Different?***

The co-operative commitment to education raises the question of the relationship between education and marketing. It is difficult to imagine how a co-operative can base its marketing on one set of values and its education on another without creating serious confusion for members, workers, and the public. Most marketing is manipulative, uninformative, and is not thought of as education. Yet marketing works. It changes attitudes and sells products. Corporations have no commitment to education, yet much co-operative marketing is modelled on the most successful corporate methods. In borrowing corporate techniques, co-operatives, as we shall see below, often

seem to ignore market strategies that have potential to enhance co-operative values, and rely instead on techniques that are more aggressive and/or manipulative.

### ***Relationship Marketing***

*The use of marketing to create a sense of special benefit, responsibility, belonging, or some other feeling of obligation between a corporation and its customers.* One of the ironies that has struck thoughtful co-operative marketers is the emergence of relationship marketing as a powerful tool used by their competitors to increase sales. From motels to airlines, children's toys to retail stores, the corporate world has discovered the power of making club members and frequent users feel linked to them. Generally speaking, few co-operatives have put much effort into relationship marketing, preferring instead to focus on brand names, cheap prices, or ignoring marketing altogether.

### ***Character Marketing***

*Marketing that flows from values and the principles cherished by a company and which shape its products and actions.* Character marketing is another thrust co-ops' competitors have found attractive. Firms such as Body Shop and Ben and Jerry's Ice Cream have positioned themselves well, based on the values of their owners. Other corporations, with few discernable values, have attempted to craft pseudo-character marketing campaigns that give them the aura of ethical responsibility, though these are often met with cynicism and can seriously backfire. Before a co-operative bases marketing on its values, it needs to think well about how its actions reflect those values and principles.

### ***Character Marketing vs Image Marketing***

Character marketing should not be confused with image marketing, which is not based on what a business is, but on how it would like to be seen. There are many important differences:

- In image marketing, the effort is on creating a contrived image through the emphasis on trivial differences. In character marketing, the focus is on uncovering the attractive reality by portraying real, significant differences. Image marketers trumpet the value of a weak, contrived relationship, while a co-operative can educate about the value of a real relationship of significance.
- Image marketers concentrate on beating the competition, while character marketers focus on people's needs. Character marketing comes easily to co-operatives, where the product or service grows out of people's needs, and needs define the nature of the brand. Thus, while

the image marketer sells the brand, a character marketer sells the trust that flows from the vital relationship between the member and the co-op.

- An image-driven company may choose to have several competing brands with inconsistent values. A character marketer will have brands with coherent values based on trust.
- Flogging an image has to rely on paid advertising, since no one could rely on public relations to serve a contrived message. At the same time, the need to be careful to protect the manufactured image requires careful restriction of information flows from the company. Character marketing, on the other hand, can be relaxed about the availability of information and can make extensive use of public relations, in fact will often attract good public relations.
- While the unique selling point of an image marketer can be copied, imitated, or mimicked, the unique selling point of a co-operative cannot be copied without becoming a co-operative. By embedding its values in its structure, a co-operative positions itself as the ultimate character marketer.

Clearly, there are some genuine and very attractive opportunities for co-operatives that wish to blend their education programmes with marketing. Co-operatives are natural candidates for reaping the benefits of relationship and character marketing, though there is one strong caution that needs to be noted. Nothing is more fraught with potential disaster in the marketing world than to make a claim that is clearly false. If the products of a co-operative or credit union, or its style of operation, are in reality no different from its competitors, it will market a difference at great risk.

### ***Has Any Co-op Ever Done it?***

There are a growing number of examples of co-operatives and credit unions that have begun to explore marketing that celebrates co-operation and educates about the benefits of the co-operative alternative. Marketing co-operative uniqueness can provoke critical thinking and be education in the best sense of that word. The marketing that the author has had the opportunity to examine has also paid off in terms of heightened member awareness of the reason for the co-operative's existence, and improved market position.

In the mid 1980s, Co-op Atlantic began television and print ads that stressed the values of co-operation. Even though they continued to position themselves as a discount grocer, the campaign paid off with improved appreciation of their contribution to the community and significant increases in sales. While a subsequent price war among competitors destroyed their gains

and finally forced them to reconsider their “cheap grocery” positioning, the impact might have been even more traumatic without the effective marketing campaign.

Citrus World, a farmer-owned producer of orange juice under the Natural Brand label, made a deliberate choice to underline the pride of their farmer owners in the quality of the product. Consumers identified with the farmer and co-operative values in the marketing campaign, and Natural Brand juice made large gains in comparison to its chief competitor, Minute Maid. The campaign also deepened member commitment to the co-operative.

In Italy, Coop Italia has increased its strong presence in the retail products market with a marketing philosophy based on ensuring that their stores, products, and services deepen member trust. Coop Italia has developed two co-operative labels that signify quality and ecological responsibility respectively. The co-op involved members in the creation of the labels and set its laboratories and staff the task of ensuring that members could trust that products met required standards. The result has been continued market strength and high member loyalty.

Credit union Ethical Funds have begun a marketing campaign drawing on the paradoxical realities of the emerging global economy. “Your daughter is studying to be a vet,” proclaims the ad headline. Below is a picture of a small boy of seven or eight asleep in a chair with his head resting on a table. His hand rests on a softball. The caption—“He works like a dog.” The photo identifies the child as a Honduran working in a sweatshop to make softballs for our children to play with. The Ethical Funds offer an alternative investment strategy for the global village.

Eroski, the retail co-operative arm of the Mondragon co-operative movement in Spain generates member loyalty through integrated co-operative development. Whenever possible, stores carry products made by worker-owned co-ops—the heart of the Mondragon Group. The factory workers, who are also shoppers, know that their stores support their livelihood, and the workers in the stores know that they are interdependent with the factory workers. The Mondragon Group constantly seeks out products that can be made by worker-owned co-operatives, and expands existing or creates new co-operatives to meet these needs.

When the credit union system in the US set out to market its character with public-service advertisements that promoted values consistent with the values of co-operation, the public reacted positively. Television stations welcomed the ads and the character of credit unions became clearer for millions of people. Hard-hitting ads by BC’s Credit Union Central were also well received by the membership and the general public. The ads highlighted the differences between banks and credit unions, and painted a clear picture of key differences. The ads achieved their objectives.

More examples will continue to emerge. There will be failures, but they

will be outnumbered by the successes if the past is any indication. They will also become more sophisticated and, it is hoped, far more effective.

### ***Conclusion***

Global trends are creating a new set of concerns and needs for people all over the world. Credit unions and co-operatives have a significant contribution to make in meeting those needs, and their contribution stems not simply from the ethical choices and behaviour of their management and boards, but from the values embedded in their structures. Research shows these values to be important to people and a significant asset to the organizations involved. Marketing approaches such as relationship and character marketing are natural directions for co-operatives, and successful campaigns have been developed. The future lies with co-operatives and credit unions bold enough to put it all together, and especially with those far-sighted enough to cross sector lines and enhance the visibility of co-operative values wherever they are found.

Co-operatives need to reinvent themselves. The chalk in the flour and rock in the coal that spurred the Rochdale co-operatives and their successors are history. Today people face new problems. Coop Italia and Mondragon have pointed the way to approaches based on trust and interdependence. People need viable communities. They need to transform their societies to become ecologically sustainable. They need to create an economy in which more people can derive meaning by contributing to the social and economic well-being of their communities.

The idea of consumer choice and control in the market-place is a myth. When consumers buy, they know little about the products they purchase. Whose long-distance rates are better this morning? Is this investment best for me or does it simply pay the highest commission to my financial advisor? Was this radio made by a child chained to a workbench? Is this milk preserved by radiation or produced by genetic engineering? How much pollution was created in making this product? Where was the product made? Where were the parts made? Most consumers could not answer most of these questions about most of what they buy.

If co-operatives work together—worker co-operatives, credit unions, consumer co-operatives, and producer co-operatives—they can reinforce each other's ability to create an economy of trust. They can create a democratic economy with global linkages. Marketing and education are one small part of co-operative reinvention in fashioning a renewed global co-operative vision. Small but essential.

**Endnotes**

Note: This paper draws heavily on Marketing Our Co-operative Advantage (MOCA). MOCA is a set of conferences, workshops, printed materials, and audio/visuals produced through a joint effort by the Co-operative Development Institute, Massachusetts, USA, and the St. Francis Xavier University Extension Department, Nova Scotia, Canada. The views expressed here are those of the author.

1. United Nations Research Institute for Social Development, *Annual Report*, 1996.
2. Armine Yalnizyan, *The Growing Gap*, A Report on Growing Inequality between the Rich and Poor in Canada (Toronto: Centre for Social Justice, 1998).
3. Gallup, 1994; Penn-Schoen, 1996.
4. Gallup, 1994.



*Co-operation will give the people a measure of economic independence but it will do something infinitely greater than this. It will condition them to the point where they are able to manipulate effectively the other forces that should operate in a democratic society. The process by which they achieve this will toughen their sinews and make them worthy of the good society when it does emerge. It will do so by stimulating the intellectual activity of the people and giving them a new interest in civic affairs. It builds the man as it frees him and this is a prime necessity today.*

M.M. Coady, *Masters of Their Own Destiny* (1939; reprint, Antigonish, NS: Formac, 1980), 125.



*The farmer in the dell, he had to have a well;  
The Credit Union helped him out, now everything is swell.*

*The foreman in the shop, was just about to drop;  
For doctor bills had robbed his tills, but CUNA called a stop.*

*The office boy was loath, to "pop" to his betrothed;  
They had no cash to carry on, but CUNA helped them both.*

*A teacher taught her dears, for forty-eleven years;  
Then made a break, a trip to take, and CUNA paid the bills.*

*Though Mrs. Jones did moan, because so poor they'd grown;  
They sent their son to College, on a Credit Union loan.*

*From all of which you see, that in emergency;  
A Credit Union member is a useful thing to be.*

Saskatchewan Co-operative Women's Guild,  
*Co-op Songs* (n.p.: n.d.), 2.

## ***The Future of Co-operation***

### *The Growing Relevance of Co-operative Values and Education*

*Claude Béland<sup>1</sup>*

*Past President*

*Mouvement des caisses Desjardins*

**D**o co-operative “banks” have a future? That frequently asked question suggests there is some doubt about the permanence of these businesses. True, the banking system has undergone a major revolution in the past twenty years. In the early 1980s, financial institutions were boxed into what has been called the four financial pillars: savings and loans, insurance, trusts, and securities. Until very recently, a business active in one of these four sectors could not own a business in another sector. Likewise, services offered by one of these sectors could not be offered by the others. They had no choice—everybody had to stay home and play in their own yard.

Barely twenty years later, the situation has changed dramatically, with each sector trying to invade the other’s territory. Banks have snapped up brokerage houses and trusts, and some are making forays into insurance. We have experienced the decompartmentalization of financial institutions, which are now likely to be called “financial groups” instead of banks or insurance companies. Each group is now capable of offering customers the full range of financial products.

This trend towards deregulating and removing barriers has also had an impact on co-operatives. Today, the major co-operative groups have gone with the flow, and former savings and loans co-operatives have become financial co-operatives. Several of them already offer full financial services and products to their members, and many more are preparing to do so.

### ***The Effects of Deregulation and Technology***

Deregulation has had a tremendous impact on financial institutions throughout the world, and particularly in Canada. What made the changes even more profound was that deregulation occurred at the same time as spectacular developments in communication technology, allowing financial services to be offered to customers in important new ways. For example, it is now possible to do business with your financial institution through a number of means—at automatic tellers, with terminals at the point of sale (for debit or credit cards), by telephone, or through your computer. What's more, financial institutions are everywhere, soliciting customers through representatives who come to your home or see customers wherever they may be, in supermarkets, department stores, and even post offices.

Financial institutions have clearly gone through some massive changes in recent years. Add to the deregulation and technological development their fixation on growth and expanding into mega-corporations, and it is easier to understand the concern behind the timely question, "Do financial co-operatives have a future?"

It is doubtful that any of these developments will pose a long-term threat to financial co-operatives. As with most similar institutions, financial co-operatives have always been capable of following and sometimes even preceding change, both in offering integrated services and in the use of technology. Financial co-operatives are here to serve their members and have always found ways to respond to their ever-changing needs.

Throughout their history and despite their relatively modest size, co-operatives have learned to work together in federations or leagues to attain the same advantages as big business. Co-operatives know full well there is strength in numbers, and wisely, have never hesitated to unite with others to pursue their mission. That, plus the fact that the financial services industry is like no other, that it is there to serve people—with personalized services aimed at targeted customers—means that what is important is not being the biggest, but being the best for your customers. And in that regard at least, financial co-operatives have what it takes to continue serving their members well into the future.

### ***The Effects of Globalization***

In fact, the question of the future of co-operative banking is less about the capacity of financial co-operatives to offer quality services and more about their capacity to resist the wave of globalization that leaves in its wake the standardization of values and ways of doing things, especially in the world of economics and finance. At first glance, this concern may seem to be justified. Consider, for example, the insurance industry: are we not witnessing the demutualizing of most mutual insurance companies? Through their inaction,

passive policy holders are relinquishing ownership of their insurance company and whatever control they were able to exercise. There was a time when people realized the importance of owning their insurance company, but today, under the pretext of a greater need for capital, they are giving up their mutuals without examining the relevance of this new capitalization, or worse, without even attempting to imagine new ways of capitalizing their business. They simply go with the flow of capitalism, as if there were only one way to do business, and in the process they make these businesses vulnerable to acquisition by foreign interests. Yet several financial institutions were set up as mutuals precisely to ensure their permanence. In the face of this, one might well wonder whether the same thing could happen to other financial co-operatives.

Obviously, the risks are great if nothing is done to educate people about the current outcomes of globalization. All the efforts of the last centuries to create associations and businesses where people have some power could be swept away by the mesmerizing wave of liberalism's values.

### ***Countercurrents***

Fortunately, a strong countercurrent is building against the perverse effects of globalization. First, we must remember that the co-operative movement has existed for more than 150 years, and the number of co-operatives is increasing steadily worldwide. In addition, the co-operative movement is the bearer of social values, which should ensure its future. A growing number of people are beginning to realize that the values of the co-operative movement are those most likely to ensure harmony in the world.

Certainly, dictatorships, military regimes, or monarchies are no longer considered ways to better organize society and ensure the well-being of populations. Even more recent regimes already appear obsolete and inappropriate. Communism, for example, such as it was practised, and a certain form of socialism have both been discarded because they no longer meet human aspirations. In politics, people increasingly choose democracy.

Democracy is attractive because it recognizes the equality of individuals. But curiously, political democracy is almost always accompanied by the economic theory of liberalism, which, rather than give power to individuals, surrenders it to capital. Politically, we recognize equality, but economically, we give power to the affluent.

Economic power creates alarming trends as political power is less and less able to satisfy the needs of the population as a whole. The world is currently witnessing an extreme concentration of wealth and the globalization of poverty to the point where it is no longer possible to say, as it has been in the past, that there are rich countries and poor countries. Poverty is now on every continent and in every country, and as misery grows, people become

excluded and quickly lose any sense of purpose.<sup>2</sup> Economic power now means everything and, some believe, has become a threat to democracy itself.

Many people condemn these new trends and claim they cannot last. As the humanists in the last century, reacting to the negative impact of the Industrial Revolution, rose up to denounce the subjugation of human beings to capital and labour, voices around the world are raised once again to denounce the perverse effects of globalization, and calling on people to respond. They call for renewed balance among economic power, political power, and the power of civil society, because that balance is vital to creating harmonious societies. The history of civilization reminds us that when the political has been too dominant, it has led to revolution. When civil society has attempted to take power, it has led to anarchy. And, as is the case today, when economic power became the new master, the result was trends that led to profound social instability.

It is therefore reasonable to assert that the social and economic system with the greatest future is the one that centres on human beings, the one whose rules ensure a healthy balance among political power, economic power, and the power of civil society. The human being is both an individual and a social being—people cannot live alone and in isolation, but must live with and among others—and the system that best meets their needs and aspirations is the one that allows the creation of societies where everyone will find their place and be able to play their part with dignity.

### ***The Social Economy***

People are reacting to the current trends. The result is the emergence of a new economy that some call the social economy. In fact, it is not so much a new economy as the return to plain common sense—to roots—because even before the appearance of today's market economy, the social economy was alive and well, with clan members, tribes, families, and groups generally working together to ensure their survival and development, concerned with the well-being of all. This was essentially a social economy, an economy at the service of men and women, whose goal was to meet everyone's needs.

Businesses in a social economy favour the creation of wealth and also ensure sharing, while allowing individuals to satisfy not only their physical needs but also their need to belong and to fulfil themselves. The social economy is therefore a system that harmoniously accompanies the existing democratic power. Rather than fighting for life, we unite for life.

Co-operatives bear values that best ensure the achievement of this human project to create societies made for everyone, where the dignity of each person is respected and the development of the collectivity is ensured. As a movement and as a system, co-operation offers a valid alternative for those searching for a society centred on the human being.

This, in fact, is what the pioneers of the co-operative movement understood. Their insight led them to adopt the rules required to put their values into practice. These rules are not immutable; co-operatives know how to adapt to change. And if the co-operative movement is to have a future, we must never renounce nor even weaken the fundamental rules that ensure democracy in economic affairs. This is a characteristic exclusive to co-operatives: to persistently put the human being at the centre of all activities.

Edgar Milhaud wrote, in reference to the essence of co-operation, that “Co-operation is impossible under duress, we can only co-operate in freedom; co-operation can only exist among equals... The common goal creates solidarity, it assumes mutual help, but, at the same time, it also assumes that justice is a condition for solidarity and mutual help.”<sup>3</sup>

### ***The Necessity for Co-operative Education***

Co-operation is a good idea, but ideas work only when there are people to put them into practice. The co-operative movement will have a great future as long as the co-operators of today and of future generations do everything in their power to ensure that these rules, so fundamental to the rise of the co-operative spirit, are respected. This is partly the role of co-operative education, which is vital to the development and future of the co-operative movement. The movement seeks to elevate human beings to a higher moral level. As Georges Fauquet, the grand master of the co-operative movement, said:

The most precious benefit it introduces is the progress of man himself, by infusing new vigour into what is original and fruitful in his nature.... The authentic co-operative movement was and remains a special environment where man finds the opportunity and the means to self-fulfilment, even to transcend himself. It was and always will be, at the times when history<sup>4</sup> must be renewed, the ideal environment where new men can be made.

While liberalism relies heavily on certain human inclinations such as greed and envy, the co-operative movement does not abandon human beings to their instincts, but seeks instead to raise them to a level where justice, solidarity, and responsibility regulate human relations and group interaction. But the transformation of a society will not happen without individual transformation. The future of the co-operative movement requires that co-operators believe in the relevance and importance of the values and principles of co-operation, and they must commit themselves to transmitting these values to others, mainly through their actions and behaviour.

Co-operative education is essential if co-operation is to take its place as the economic and social system. A complete education would include the following:

- An education in fundamental human values, or in citizenship.
- Education in the principles and rules of co-operation, i.e., the rules that embody the fundamental values, reconciling words and actions, and that bring a real sense of identity to co-operators.
- Training in the management and techniques of co-operative business.

### ***Conclusion***

Current social trends are likely to create and foster needs in the coming years that will bring the relevance of co-operative values to the fore. People whose lives and livelihoods have been compromised will begin to demand the justice and equality that co-operation offers.

Today's co-operators have an important mission. They must make co-operative values and the rules for action better known, not only in speech and in writing, but through their own example, by having their businesses operate according to co-operative values while offering top-quality services to their members. Their example should prove an inspiration to others.

The co-operative movement will have a significant future if today's co-operators make a greater commitment to sustained co-operative education. Even financial co-operatives, so presently beleaguered, have a reasonable future, because the values of the co-operative movement best answer the deepest yearnings of humankind, not only as individuals but as social beings, who must live with and among others. Today's co-operators are the bearers of an exciting challenge that current events are making more possible to meet and overcome.

### ***Endnotes***

1. Claude Béland is the former president of the Mouvement des caisses Desjardins, whose head office is in Lévis, Québec, Canada. He is also chairman of the board of the Conseil de la coopération du Québec and president of the International Co-operative Banking Association.
2. Emmanuel Todd wrote in *L'illusion économique* (Gallimard, 1998) that "The cruel truth, and no doubt the hardest to admit, is that no system currently operates well. Furthermore, none can be considered as completely reasonable, i.e., viable in the long term." (Our translation.)
3. Edgar Milhaud, *Le rôle et les tâches de la coopération dans l'économie de demain*. Bibliothèque coopérative populaire. Brochure no. 25, publiée par l'Union suisse des coopératives de consommation (U.S.C.), 35 et 85. (Our translation.)
4. Georges Fauquet, *Économie et sociologie coopératives*, in the Tiers-secteur series, published by the Coopérative d'information et d'édition mutualiste, 1977. (Our translation.)



*If a man is the measure of all things, the value of an institution must be measured by the worth of the individual it creates and calls into its service. For this point of view, the Co-operative Movement has a high value, ... because it needs and educates a superior kind of human being, the Co-operative Man.*

*Education of the Co-operative Man is thus to be regarded not merely as a means to the growth of the Co-operative Movement but as an end in itself—an end to which the Co-operative Movement itself is a means.*

*Capitalism and Statism require very little of man except to be what he is in his natural state: an acquisitive and aggressive creature. ... Co-operation refuses to accept the natural man. It demands that man must evolve into a Co-operative Man... and helps this evolution by helping man to co-operate in “the ordinary business of life,” the business of producing and distributing his daily needs. ... Co-operative education, in the full meaning of the word, is not a prerequisite of the Co-operative Movement but its highest function and fulfilment.*

“The Co-operative Man,” *Co-operative News Digest* (n.p.: Reserve Bank of India, n.d.), as quoted in Remi J. Chiasson, ed., *Co-operation: The Key to Better Communities* (Antigonish: St. F.X. Extension Department, 1961), 129–30.

## ***A Systems Approach to the Challenges Facing Co-operative Education and Co-operatives***

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**C***o-operative education is a diverse activity, encompassing a broad spectrum from member education to CEO training. It is carried out by co-ops both small and large using a variety of techniques—everything from face-to-face seminars to computer-assisted modules that are done independently online. Yet in spite of this diversity, co-operative education has some common themes. Many co-operatives have focussed on youth as a key target group; another common thrust is the development of executive training programmes for senior co-op leaders. Co-op development is also an area where co-operative organizations are increasingly directing their attention, due largely to recent interest in developing new co-ops.*

This pattern of diversity and similarity in co-op education is to be expected, since it reflects the diversity and similarity found in co-operative organizations themselves. More specifically, both co-operatives and co-operative education face many of the same challenges today. How should they adapt to the information economy and to the tremendous structural changes that are going on in many co-ops and the industries in which they operate? And how should the push for centralization that comes from a desire for economies of scale be balanced with the need for the flexibility and response that can only be obtained at local and regional levels?

The answer to these challenges is found in viewing co-operatives and

co-operative education as part of a network, or complex system. Networks are a fundamental part of the knowledge economy that is now firmly entrenched in our social and economic system, and which is transforming this system in profound ways. Networks also form the basis of complex systems. Viewing things as complex systems requires a different perspective than has typically been used to examine things like co-ops. Complex systems can only be understood as a whole. At the same time, full recognition must be given to the fact that the system is made up of subsystems and further subsystems, all of which are linked.

The next section examines the importance of co-operative education, particularly given the emergence of the knowledge economy and the structural change that this economy is setting off in such sectors as agriculture and financial services. The paper then explores the specific challenges facing co-operatives as a result of these changes, followed by a discussion of complex systems and the need for different perspectives in order to understand them. The paper concludes with some thoughts on the future of co-op education and co-operatives.

### ***The Importance of Co-operative Education***

Co-operative education has always been extremely important to co-operatives. It has been a significant factor, for instance, in solving the collective-action problems inherent in collective enterprises such as co-ops. Moreover, co-operative education will achieve additional prominence in the future. One reason is the emergence of the knowledge economy as a key source of both growth and new organizational models; a second reason is the immense structural changes that are currently underway in many of the sectors in which co-operatives are found. Many of these structural changes, in fact, are linked in some way to the emergence of the knowledge economy. The notion of a knowledge economy suggests greater weight should be placed on knowledge—thus education should be a key element for co-operatives in the future. As well, the structural changes are creating a need for a new understanding about the operations of co-operatives and the system of which they are part.

### ***Co-operatives as Collective Enterprises***

As collective enterprises, co-operatives are vulnerable to what economists call the free-rider problem. Simply put, the free-rider problem says that the benefits of collective enterprises often accrue to the members regardless of whether they contribute actively to the maintenance of the collective enterprise. As a result, members who focus on their own narrow self-interest will not contribute to the collective enterprise, with the consequence that the benefits will not be provided. For example, if members fail to contribute

capital to their co-operative because doing so provides no immediate benefit, the co-op may be limited in the services or the degree of price competition it can provide.

The economic literature suggests the free-rider problem is particularly acute in co-operatives. Taken to its extreme, it suggests co-operatives should not exist, and if they do exist, should not function effectively. While few economists take the argument to this extreme, they do imply that the free-rider problem damages the performance of co-operatives.

Interestingly, however, the empirical evidence is to the contrary. In studies of the relative performance of co-operatives and their investor-owned firm (IOF) counterparts, co-ops are generally found to be as profitable and as efficient.<sup>1</sup> And in many countries they play a dominant role in the handling of grain and oilseeds, in the marketing and processing of dairy products, and in the provision of inputs such as fertilizer, chemicals, and feed.<sup>2</sup>

How can the strong performance of co-operatives be explained, particularly given the backdrop of the free-rider problems? Their success over the years can be linked in part to the fact that co-operatives have taken great pains to educate their elected and corporate officials in the business of running a co-operative. For instance, compulsory board training is a feature of most large co-operatives in Canada and the United States. This training is carried out both in-house and through the expertise of the various educational and training centres that have been developed over the years. In 1990, for instance, research identified 122 agencies in the US that conduct co-operative education or training, the bulk of which is carried out in universities and in associations or federations of co-operatives. Research in Canada identified 13 agencies, again divided between universities and associations or federations of co-ops. As well, many of the large commercial co-operatives conduct their own in-house training.<sup>3</sup>

Table 1 (facing) presents a partial list of the development, extension, and research centres in Canada and the US that play one or both of the roles outlined above. This list gives testimony to the resources and effort that co-operatives and their members have put into education.

### *The Knowledge Economy*

In the knowledge economy, “know-how” is the key driver. Know-how is ideas, a set of instructions, the knowledge of how to do things. It is easily understood using the analogy of the computer: hardware is the physical material—the computer—while software is the know-how—the set of instructions that makes the hardware work. If this analogy is broadened, hardware can be understood as any physical materials—land, minerals, factories, food; and software can be understood as any sets of instructions or know-how about how to make the best use of the physical materials.<sup>4</sup>

**Table 1: Selected Centres for Co-operative Development, Education, and Research in the United States and Canada, 1990\***

<b>Centre</b>	<b>Activity</b>
<b>United States</b>	
Cooperative Development Centre (MA)	D
Co-Bank (MA)	D
Co-op Business Education and Research, Penn State (PA)	D, R, E
American Institute of Cooperation (DC)	R, E
Coop Development Foundation (DC)	D
National Cooperative Business Association (DC)	D, E
Cooperative Development Services (WI)	D
University of Wisconsin Center for Cooperatives	D, R, E
Rural Development Institute, University of Wisconsin/River Falls	D, R, E
Credit Union National Association (WI)	E
The Cooperative Foundation (MN)	R, E
St. Paul Bank for Coops	D
North Dakota Association of Rural Electric and Telephone Co-operatives	D
North Dakota State University	D, R, E
Arthur Capper Center for Cooperatives (KS)	D, R, E
R.D. Partridge Professor (Missouri)	R, E
Arkansas Rural Enterprise Center	D
Eastern Arkansas Delta Center	D
Rural Training and Research Center, Federation of Southern Cooperatives (AL)	D, R, E
University of California-Davis Center for Cooperatives	D, R, E
Northwest Rural Cooperative Development Project (WA)	D, E
<b>Canada</b>	
Centre for the Study of Co-operatives, University of Saskatchewan	R, E
Co-operative Chair in Agribusiness and Marketing, University of Alberta	R, E
Faculty of Environmental Studies, York University	R, E
Centre de gestion des coopératives, Université de Montréal	R, E
Chair Guy Bernier, Université du Québec à Montréal	R, E
IRECUS, Université de Sherbrooke (PQ)	R, E
St. Francis Xavier University: Coady Institute/Extension Division (NS)	D, E
Credit Union Institute of Canada (ON)	E
Conseil canadien de la coopération (selected provinces and nationally)	D, E
Canadian Co-operative Association offices (selected provinces and nationally)	E
Co-operative Housing Federation	D, E
Fondation Desjardins (PQ)	R, E

**Key:** D—Development; R—Research; E—Education

\*For a complete list of regional centres for rural co-operative development (and their partners) in the US, see James. See also Hammond Ketilson and Fairbairn for a listing of agencies involved in co-operative education and training.

Know-how is produced by recombining ideas that already exist into new forms. Ideas are the raw material from which new know-how is built. By recombining what we know in new ways, we create new ways of thinking, a new set of instructions—new know-how. In the biotechnology field, for instance, the building blocks—the ideas—can be thought of as the genes that can be rearranged into new sequences, just as bits of computer code can be reformed into new software applications. The ways in which these pieces of information can be reconfigured is effectively infinite, thus creating a premium for organizational structures that can both generate and evaluate new idea combinations. The network is one such structure.

Networks represent a vast improvement upon the old organizational structures that have been in use for the last hundred years. Figure 1, which represents this old structure, could also represent a classroom, a factory, or the structure of a university. It is strongly hierarchical, with limited connections among groups. Like classical economic theories that use the factory as a model, our industrial structures came into being with the factory-driven Industrial Revolution. The organizational structure in figure 1 mirrors the machines upon which it is based: each element is a separate link in the chain, without any necessary contact between units, all governed by a single, overriding management. Philosophically, figure 1 is built on reductionism—the idea that things can be best understood by taking them apart and examining the components.

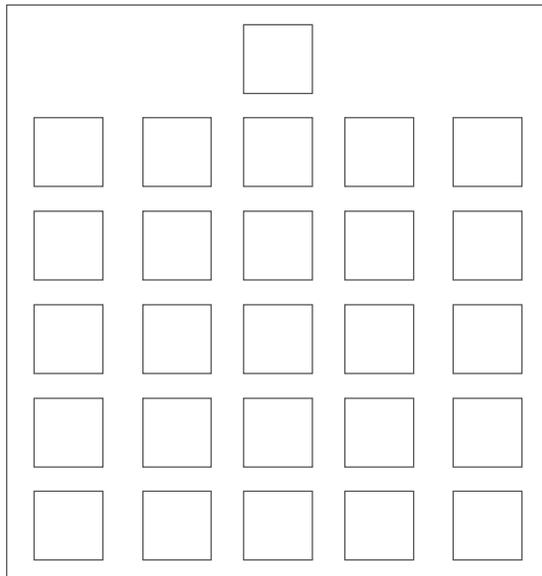
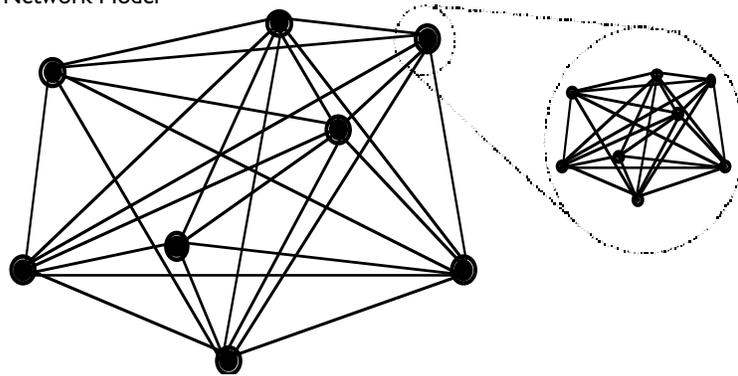


Figure 1:  
The Industrial Model

Networks, on the other hand, represent a radically different structure (see figure 2, below). In a network, the individual units are still autonomous, but they have free access to every other node in the network. Like the endless possible combination of ideas, networks allow expanding possibilities for connections between their members. Networks increase opportunities for new know-how to emerge and furthermore, allow individuals to share the new knowledge.

Networks allow for synergies and complementarities. They allow ideas, actions, plans, and so on, to work together for a combined result that is greater than the sum of their individual impacts. At the same time, networks allow for individual nodes to operate independently.

Figure 2:  
The Network Model



### *Structural Change*

There have been dramatic changes in a number of the sectors in which co-operatives operate, including financial services and, in particular, agriculture. Traditionally, agriculture has been fundamentally biological in nature, with the accompanying uncertainty and volatility that characterize biological processes. Increasingly, however, agriculture is undergoing a process of industrialization, meaning it more and more closely resembles a factory, with the associated control inherent in industrial processes. The advent of computerization and genetic engineering have modified traditional agriculture; precision farming places the correct amount of fertilizer in the exact location, while plants such as canola are bred to be resistant to certain herbicides.

As agriculture becomes more controllable, the structure of the indus-

try changes. Food becomes more engineered, with specialty products pushing out undifferentiated commodities. Production becomes increasingly specialized, while at the same time the linkages between specialized segments become increasingly interdependent. And information—whether it is about the sex, age, and genetic make-up of feeder pigs or retail scanner information on consumer buying patterns—becomes increasingly valuable.

These changes are resulting in a much more commercialized agriculture, with the sale of highly specialized inputs (e.g., particular genetics) playing a critical role. Agriculture is also becoming much more vertically integrated and reliant on contracting as companies attempt to co-ordinate information and product quality (see table 2). Finally, multinational enterprises are playing a much larger role, in part because information technology and product development require substantial capital outlays, which can only be financed by large companies that possess some degree of market power.<sup>5</sup>

**Table 2: Comparison of Traditional Agriculture with the “New” Agriculture**

<b>Traditional Agriculture</b>	<b>“New” Agriculture</b>
Generic commodities; spot markets	Differentiated products; negotiation; contracts
Farms carry out many activities	Specialization; separation of production stages
Product chain stages seen as independent	Focus on a system; stages seen as interdependent
Price and production risk	Relationship risk; food, health, and safety
Concerns about monopoly pricing	Concerns about access to information
Money and assets prime source of control	Information prime source of control

Source: Adapted from Boehlje.

In summary, agriculture is increasingly a knowledge-based industry. Information technology plays a larger role, and more and more of the value in agriculture is derived from specific traits—traits that are often obtained through genetics. As well, agriculture is becoming more network-like, with production becoming increasingly specialized and connections within and between companies taking on greater importance.

In response to these changes, agricultural co-operatives are transforming themselves. They are developing new methods of financing, including the sale of shares on public stock exchanges, as the Saskatchewan Wheat Pool and the dairy co-operatives in Ireland have done. And to compete with their

multinational counterparts, they are merging and consolidating. In 1998, for instance, there were more than a dozen major mergers and acquisitions, including the combining of Cenex and Harvest States, Country Mark and Land O'Lakes, and Alberta Wheat Pool and Manitoba Pool Elevators.<sup>6</sup>

### ***Co-operatives as Complex Systems***

The emergence of a knowledge economy based on a network model, along with the structural changes that this entails, requires new ways of thinking. One useful means to understanding these changes is the idea of a complex system.

A common feature of a complex system—whether it is a poem or a weather system—is the presence of multiple layers, or levels. Ahl and Allen, for instance, define complex systems as those “which require fine details to be linked to large outcomes.”<sup>7</sup> Understanding complex systems requires the simultaneous analysis of these multiple levels. Put another way, they can only be understood by finding a point of view that allows the various layers and connections to be clearly perceived.

A useful point of view for understanding co-operatives can be obtained by stepping back from them far enough to see that they are more than just a business, or a social phenomenon, or a particular governance structure. Co-operatives are all of these, plus more. Although this observation may appear to be self-evident, it is one that only comes from viewing co-operatives—with all their levels and appendages—as networks.

Networks are inherently complex systems.<sup>8</sup> The very structure of networks—nodes linked to other nodes that are linked back to the original nodes—means that they embody both feedback loops and nonlinearity, both essential features of complex systems. Networks are also complex systems because they have multiple layers. As figure 2 illustrates, the nodes of a network can be viewed as networks themselves. Thus, a network is really a network of networks.

Because networks are complex systems, they can only be truly understood by taking a systems point of view, which sees the network as a whole, with all of its various linkages and connections. Applied to a co-operative, the network model identifies nodes that represent the members and their families, the board, the management and the employees, other groups and companies in the local community, and so on.

### ***Insights from Viewing Co-operatives as Complex Systems***

Viewing co-operatives as complex systems provides some other insights. One of the benefits is that patterns can often be observed that would otherwise go unnoticed. An example from agriculture will illustrate.

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Historically, the agricultural co-operatives that farmers formed had the same characteristics as the larger agricultural system of which they were part. Table 3 shows a comparison between the structure of traditional agriculture (see table 2) and that of traditional co-operatives. As can be seen, traditional co-operatives adopted structural features that mirrored those found in the larger agricultural environment. For instance, spot markets and generic commodities characterized traditional agriculture; correspondingly, the traditional co-operative sold generic products to its members on demand (i.e., whenever farmers wanted them).

**Table 3: Comparison of Traditional Agriculture with Traditional Co-ops**

<b>Traditional Agriculture</b>	<b>Traditional Co-ops</b>
Generic commodities; spot markets	Sell generic products to members on demand
Farms carry out many activities	Multipurpose co-ops serving diverse members
Product chain stages seen as independent	Co-ops concentrated near the farm level
Price and production risk	Major supporters of price supports
Concerns about monopoly pricing	Competitive yardstick; co-ops source of countervailing power
Money and assets prime source of control	Investment in physical capital; little investment in intellectual capital

**Table 4: Comparison of "New" Agriculture with "New" Co-ops**

<b>"New" Agriculture</b>	<b>"New" Co-ops</b>
Differentiated products; negotiation; contracts	Contractual relationship with members
Specialization; separation of production stages	Greater specialization; focus on niche products
Focus on a system; stages seen as interdependent	Device for farmers to network with rest of system
Relationship risk; food, health, and safety	Vehicle for farmers to avoid relationship risk
Concerns about access to information	More attention paid to providing farmers with information
Information as prime source of control	More attention paid to using the information farmers possess

If co-operatives mirror the larger structure of which they are part, then the changes in agriculture currently underway mean co-operatives will also change. Table 4 (facing) presents the structural elements of the new agriculture and asks the question: What will be the corresponding structure of co-operatives? Viewing co-operatives as complex systems suggests that they will begin to adopt elements such as contracting; they will begin to focus on specific products; and they will increasingly engage in activities at numerous levels of the supply chain. Indeed, these structures have already begun to emerge in the form of New Generation Co-operatives (NGCs).<sup>9</sup>

### ***The Challenge for Co-operative Education***

What do these trends suggest for co-operative education? The following conclusions emerge from the analysis presented above:

- Conceiving of co-operatives as networks, and the emergence of a knowledge economy based on a network model, have important implications for co-operative education. In addition to the sharing of ideas, co-op education needs to ensure that people in co-operatives are prepared to operate in a network world. They need expertise in working with networks and in seeing networks as a way in which activities can be organized.
- Co-operative education needs to ensure that the established networks work well. For instance, networks can only effectively operate if a protocol, or architecture, is put in place that allows network nodes to communicate with each other. The development and maintenance of this protocol could be one of the activities of co-op education. Similarly, co-operatives can be strengthened if the feedback loops within the network are strengthened. Co-op education is one way of ensuring that the linkages within the co-op network are healthy.
- Because of the emergence of the knowledge economy, among other factors, the economic and social environment in which co-operatives operate is changing. As co-ops transform themselves to try and adapt to this new environment, the need for co-operative education becomes more and more critical. Co-op members need to understand the forces leading to the changes in their economic environment, while managers and boards need to think about the appropriate strategies their enterprise requires to survive and prosper in this new environment. And people in co-operatives need to be even more aware of how their organization fits into the world around them.
- The observation that co-ops are complex systems means that they are also much more than simply businesses, which has important ramifica-

tions for co-operative education. While co-op education must focus on the business aspects of co-operatives, it must also deal with the non-business elements. Failure to deal with all aspects of the co-operative can mean that the co-op system as a whole ceases to function. It is important, for instance, to provide education about the linkages a co-operative has in its community, because a failure to supply benefits to the community can cause negative feedback on the co-op itself.<sup>10</sup>

- Successful co-operative education in the future will have to reflect the changes in co-operatives that are currently underway. There is some evidence that this is already occurring. A training programme for people involved in NGCs, for instance, has adopted a form similar to that of the NGCs themselves, with NGCs contracting up front for the education that is to be provided.
- In a network world, co-op education will have to be responsive to the needs of local and regional co-operatives, while at the same time adopting mechanisms that will allow the sharing of educational resources and approaches among a wider audience. Large monolithic education programmes that cannot be adapted and modified based on the needs of the group or the region will not be successful.

### ***Concluding Remarks***

Co-operatives, and co-operative education, are highly diverse. Yet, whether large or small, agricultural or housing, co-operatives share some common features. One of the most important is that co-ops are networks. Understanding co-operatives as networks has some important implications for the way in which we understand co-ops and for the role of co-op education.

Viewing co-operatives as networks means seeing them as more than simply business organizations—for instance, they are also social organizations. Failure to maintain the social connections within a co-op can feed back and adversely affect the business performance, just as poor business performance can adversely affect the social connections. Co-operative education is important in reminding people of these linkages and in providing them with the expertise to better nurture both the social and business aspects of their organizations.

Co-operatives currently face many challenges, including a rapidly changing social and economic environment, which is leading to changes in organizational structures. In many cases, much more open and fluid networks are replacing large centralized structures. This type of structural change has particular importance for co-operatives, since it represents a way in which co-ops may be able to effectively operate alongside non-co-operative or-

ganizations. By adopting a network structure, co-operatives can retain the local ownership and control that is a hallmark of their organizations, while at the same time being part of a structure that provides the size and scale necessary to compete with other entities. Co-operatives will have to change in order to operate in this fashion. Encouraging and facilitating this change is one of the roles of co-operative education.

### **Endnotes**

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10. The idea that successful organizations may be those that positively influence the environment of which they are a part is found in Jane Jacobs, *The Nature of Economics* (Toronto: Random House, 2000), particularly chapter six.

This paper also made use of the following reference material not specifically quoted in the text: Boehlje, M. "Industrialization of Agriculture: What Are the Implications?" *Choices* Fourth Quarter (1996): 30-33; and Fulton, M. "The Economics of Intellectual Property Rights: Discussion." *American Journal of Agricultural Economics* 79 (1997): 1592-94.



*In the co-operative commonwealth every activity connected with the production and distribution of goods—agriculture, mining, manufacturing, transportation, wholesaling and retailing, banking and insurance (if banking and insurance do not become unnecessary)—will be carried on not for the profit of any individual or group, but for the benefit of all. The inventor, the scientist, the engineer and the organizer, will use their talents not to make money for themselves or for the shareholders of a corporation, but for the advantage of all mankind. All the activities in which people engage, economic and social, educational and recreational, literary and artistic, will be organized in such a way that all the people will contribute according to their ability and share according to their needs.*

*Under these conditions, selfishness, in a sense of a desire to enjoy advantages at the expense of others, will have no place, and the individual will realize that he can promote his own welfare only by promoting that of the community as a whole. Under these conditions there would be no poverty, except as a result of famine; no wars, no crime, but instead a world of peace and good will.*

*The Scoop Shovel, April 1931, 12,  
as quoted in Ian MacPherson, *Each for All: A History  
of the Co-operative Movement in English Canada, 1900–1945*  
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# *Towards a People's Economy*

## *A Co-operative Paradigm\**

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**C**hange is an inescapable fact of human existence, and the history of humankind is very much the story of its efforts to cope with change. Those efforts have resulted in a great variety of arrangements with which societies all over the globe have attempted, with varying degrees of success, to make order out of chaos; to make advantage out of disadvantage; to give life meaning. Underlying each arrangement is a set of assumptions about individual and social life and a set of values prescribing how individual, interpersonal, and social relations ought to be defined and governed. Authority is a universal characteristic of the arrangements designed to cope with change, and the two perennial issues surrounding authority are how it should be organized and who should exercise it. The general prescription for coping with change within democracy is that authority ought to be structured to serve the people (society) because the people are its ultimate repository.

This paper presents an argument favouring the co-operative variant of the democratic arrangement as the optimal way of coping with change and ordering social relations,<sup>1</sup> because of all democratic arrangements, the co-operative explicitly places the dignity of life at the forefront of the values it

\*An earlier version of this paper, "Integrated Co-operative Development: An Alternative Paradigm," was presented at the International Co-operative Research Conference titled The Co-operative Advantage in a Civil Economy, under the auspices of the ICA at the University of Bologna, Bertinoro, Italy, October 1997. The paper was later published in *Anuario de Estudios Cooperativos* (Bilbao: Instituto de Estudios Cooperativos, Universidad de Deusto, 1998), 252–62.

embodies.<sup>2</sup> Before developing the argument for co-operation, an appropriate context will be set by focussing some attention on change in the recent and contemporary world.

There is an old saying that variety is the spice of life. Human life has been spiced by a great variety of languages and cultures. There have been some who thought themselves superior to the rest, who make claim not only to the resources of others but even to the persons of other cultures and societies. Colonialism, patriarchy, and slavery were products of that kind of thinking. War, likewise, was all too often the product of claims to superiority. Many sovereign states have acted in the recent past to legitimate the global market economy, which vests enormous power in capital and the few who control it over the many who have fallen subject to it. The logic of this authority is to homogenize the variety of cultures into one, sacrificing especially indigenous languages and cultures.

Much of the change in the modern world that either benefits or debilitates persons and societies is associated with the economy in a most fundamental way. Most change detrimental to the natural environment is also a function of the economy. Because of this, it is useful to examine those aspects of the economy that may contribute to these effects.

### ***The Economic Issues***

The economy serves those who own/control it. This truism is better understood if we return to the Greek origins of the word. "Economy" comes from two words: oikos, meaning home, and nomos, meaning the management or care of. When we speak of economies we are speaking of the care and management of the home, and by extension, of the community and the world. Caring for the home is to care for the life within it.<sup>4</sup> An economy, then, is the set of arrangements in society for the provision of goods and services by which its individuals live. The adequacy of an economy can be judged by the extent to which it cares for the life within the society it serves.

### ***Disparities***

The disparities among the various economies throughout the world are well documented, and it was the disparities between the economies of the first and third worlds that captured President Harry Truman's attention. The issue so preoccupied him that it became the seminal idea in his 20 January 1949 inaugural address before Congress. Drawing the attention of his listeners to the destitution in the poorer countries, he characterized those countries as "underdeveloped areas."

The fact that Truman coined a new word was no accident. It was the precise expression of a world view, or paradigm, in which all the economies

of the world were moving along the same track—some faster, some slower—but all in the same direction. The northern countries, in particular the US, were running ahead, while the rest of the world, with its low per capita income, was lagging behind. Truman conceived of the world as an economic arena in which nations compete for a better position in the Gross National Product (GNP) scale. No matter what ideals inspired Inuit, Kikuyu, or Maya, northern development policy saw them only as stragglers whose historical task was to partake in the development race and catch up with the lead runners. It became the objective of this policy, led by the US, with its aid programmes, to bring all nations into the arena and enable them to run the race.<sup>5</sup> It could be suggested here that “development” became the single most important factor in the move towards a global, free-market economy, which now, more or less, is a fait accompli.<sup>6</sup>

After forty years of development, there is sufficient experience and data accumulated to assess the extent to which the free-market economy cares for the life of the society it serves. In 1960, the northern developed countries had twenty times the wealth of the underdeveloped south on a per capita basis. By 1980, after twenty years of development aid, the disparity in the distribution of wealth between the north and south had doubled: the north now had forty times more wealth than the south, again, on a per capita basis. Measuring the distribution of wealth between the rich and the poor across national boundaries, rather than simply in the north and south, we find a dramatic exacerbation of disparities in the world. The most recent United Nations Human Development (UNHD) Report (1995) shows the wealthiest 20 percent of the world’s population receiving about 83 percent of the world’s total income. The poorest 20 percent of the population receives 1.4 percent of the income. The ratio is sixty to one. Analogous 1960 income distribution reveals 70 percent of the income for the wealthiest quintile and 2.3 percent for the poorest, for a ratio of thirty to one. In that thirty-five year period, the disparity in wealth/income distribution has doubled.

According to the same UN report, almost half of all UN member states—or eighty-nine of them, to be precise—are poorer today than they were a decade ago. It is common knowledge that income disparities in the poor/underdeveloped countries have been very large. Less known, however, is the fact that income disparities are also dramatic in the most highly developed countries. In Britain, for example, income gaps are now wider than in some of the world’s poorest nations, such as Nigeria.<sup>7</sup>

The top fifth of income-earners in most Third World countries enjoys more than half of all the income. In Brazil, the top fifth earns two-thirds of all income. By contrast, the lowest fifth has between 2 percent (Brazil) and 5 percent (Philippines). In the UK and the US, the corresponding proportions are 40 percent for the highest and 6 percent for the lowest.<sup>8</sup>

The United Nations has named Canada as the best country in which to

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live in the entire world. In spite of that, poverty levels and levels of destitution are increasing. One out of every five Canadian children lives in poverty. Most recently, the United Nations has informed the world of its serious chagrin about the Canadian government's failure to deal effectively with child poverty. And this at a time when more wealth is being produced in Canada than ever before. The same 1995 UN report informs us that the 358 billionaires in the world (US dollars) have combined assets equalling or exceeding the totalled annual income of 45 percent of the world's people. And by 1996, as noted elsewhere in this volume, 365 billionaires controlled more than 50 percent of the world's income. While the intention of First World development policy for underdeveloped nations might be both noble and honourable, its practice might be described best in Leo Tolstoy's words—"We will do anything for the poor man, anything but get off his back."

The picture painted by these and many other statistics surely inspires us to ask just how well the global market economy is really sustaining life. A larger proportion of humanity now lives with less than it needs to thrive, and often without enough to even survive. All the natural systems that sustain life are being stretched to their limits, and in some places are already collapsing. Something is seriously wrong with the management of our world, when our economic system is threatening and destroying life rather than sustaining it.

*Analysing the Global Economy*

There now exists a massive body of literature directed at analyzing the global market economy from a variety of ideological perspectives, much of it heavily critical. The liberalization of trade through the General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), and the World Trade Organization (WTO) has attracted the attention of leading thinkers. This is what Ralph Nader and Lori Wallach have to say about these trade liberalizing bodies:

Under WTO rules, for example, certain objectives are forbidden to all domestic legislatures... These objectives include providing any significant subsidies to promote energy conservation, sustainable farming practices or environmentally sensitive technologies... As a legal matter the WTO's rules and powerful enforcement mechanism promote downward harmonization of wages, environmental, worker, and health standards and the undermining of democratic procedures and policies.<sup>9</sup>

The inclusion of intellectual property rights in the trade liberalizing treaties has drawn this comment from two highly learned observers:

The idea that the commons could be divided up, purchased and owned

by individuals or companies for their own commercial purpose was unknown to Indian farmers until the early 1960s, when certain international conventions established “plant breeder’s rights.” These new “rights” allowed commercial plant breeders to take traditional indigenous varieties of seed, for example, “improve” them... and then patent and commercialize them, eventually selling back the patented seeds to the communities that first provided them freely.<sup>10</sup>

As the Soviet empire crumbled into chaos in 1989, the free-market capitalists declared a global victory. David C. Korten provides a somewhat different perspective on the global economy:

The moral perversity of economic liberalism is perhaps most evident in what it views as economic success in a world in which more than a billion people live in absolute deprivation, go to bed hungry each night, and live without the minimum of adequate shelter and clothing.<sup>11</sup>

The assumption so popular among free marketers that the world’s poverty crisis can be solved only by economic growth has attracted the critical eye of Herman E. Daly, a former World Bank economist of many years:

It is impossible for the world economy to grow its way out of poverty and environmental degradation. In other words, *sustainable growth is impossible*...The term *sustainable growth* when applied to the economy is a bad oxymoron—self-contradicting as prose and unevocative as poetry.<sup>12</sup>

We must never forget that behind these statistics there is a reality of profligate wealth and consumption on the one hand and debilitating and humiliating poverty and destitution on the other. A society characterized by such extremes is both violent and oppressive, with the violence most visited upon the weak and innocent: women and children. The oppression dehumanizes both the oppressor and the oppressed. Moreover, in the thinking of world-renowned pedagogue Paulo Freire, the spirit craves a liberation from dehumanization.<sup>13</sup> While the GNPs of many societies are rising, their multitudes find no escape from their debilitating poverty and oppression. Industrialization and modernization have no respect for the environment, and the economy of the free market has no respect for community. Both community and environment are casualties of the global, free-market economy and yet both must be preserved if there is to be an end to the kind of disparities so prevalent and repugnant in today’s world. We are experiencing a crisis of justice and a crisis of nature/environment. Therein lies an apparent dilemma.<sup>14</sup>

From within the perspective of the capitalist market paradigm, the dilemma is uncomfortably real. The injustice of poverty can be solved through ever-growing economies. But economic growth, capitalist style, places the

environment in jeopardy. The thinking within this paradigm led recently to the decision that First World countries must discontinue the use of certain ozone-destroying chemicals in industrial processes within the next five years. Third World countries, however, were given a reprieve of fifteen years so that their industrial processes and economic growth might catch up to the First World and ameliorate the problems of poverty. Nature is thus sacrificed to “progress.”

*The Co-operative Advantage*

It is precisely at this point where co-operation and co-operatives commend themselves towards a reconciliation of the justice/nature dilemma. The respect for the dignity of life—all life—so characteristic of the values and principles of co-operation is what links nature and justice. The *raison d'être* for the pioneer co-operatives, in fact, was the preservation of community, of which the environment was an integral part. The ideals of the Rochdale pioneers stressed community, the purity of food, and safe working and living conditions. The logical and necessary extension of that leads to respect for the dignity of nature. That is the promise of the co-operative movement and the purpose of a co-operative economy. A co-operative economy may be defined as one in which co-operative enterprises set the standard of performance for all production, distribution, and consumption in the society. This standard grows logically out of the values of co-operation and is realized through a meticulous adherence to the principles for its implementation. While this is now occurring in a few isolated instances in the world, the co-operative economy is not likely to become a global phenomenon within the context of the capitalist market paradigm. The co-operative economy can only become society-wide and global by conceptualizing a paradigm and strategy consistent with the values of co-operation. Davis and Donaldson make an eloquent and compelling case for a people- and nature-centered management theory and practice that draw upon co-operative values and principles.<sup>15</sup>

As “autonomous association[s] of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically-controlled enterprise[s],”<sup>16</sup> co-operatives have brought relief from despair, hope for tomorrow, and returned control to community in numerous places throughout the world. Whether it is the consumer co-operatives in Japan, the industrial co-operatives in Spain and Italy, or the agricultural marketing co-operatives in Canada, the practice of co-operation has left an indelible mark on the world. There is a healthy body of literature documenting the successful experience of co-operation in many lands, the most recent of which deals with the phenomenal impact of a vast array of co-operatives in the US.<sup>17</sup>

*Unfulfilled Promise*

In spite of dramatic successes, however, the full promise of co-operation continues to elude the world. “We are still a long way from a society in which co-operation is the dominant ethic... There are many exciting examples in the United States today of co-operative action chipping away at old antagonisms and apathy.”<sup>18</sup> But it is not merely apathy and antagonism that stand as obstacles to co-operation. The full promise of co-operation, i.e., the respect for the dignity of life itself, remains unfulfilled precisely because the struggle is being waged in an arena that is antithetical to the values of co-operation, namely the values that define a sharing society and culture.

In the contemporary world of the global market economy so successfully achieved by the “development” projects, the *raison d’être* of economic activity is advantage and power, which take the form of profit: the appropriation of surplus produced at the expense of others, their communities, and nature.<sup>19</sup> The global change that Truman’s 1949 inaugural speech so inspired was much more than simply removing obstacles to trade; it advanced an entire way of thinking about and being in the world. It was an important step in establishing the global market economy as a paradigm, accepted and promoted by governments, bankers, corporations, university economics departments, business schools, and journalists almost without exception.

The distinguishing characteristic, or value, of capitalism is private property,<sup>20</sup> and its strategy is competition, which is the foundation of economic liberalism. Together they take the form of free-market capitalism, the most basic tenets of which include:

- *economic growth* as measured by GNP;
- *free market*, i.e., market freed from government regulation;
- *economic globalization* in which goods and capital move freely across national boundaries, spurring competition;
- *international competition* in providing the most attractive conditions for investment from outside and abandoning any idea of community self-sufficiency.<sup>21</sup>

*The Logic of the Market*

This paper contends that co-operative enterprises that exist in market economies are bound by the logic of the market. “If co-operatives use methods and techniques that are not consistent with co-operative purpose, it is not surprising if co-operatives begin to resemble their mainstream counterparts for good or ill.”<sup>22</sup> The logic of the global market economy is antithetical to the logic of co-operation. The market pits neighbour against neighbour, community against community, and nation against nation in a competitive struggle in which there are more losers than winners. This logic

accounts for much of the increasing impoverishment of the great masses of people in the world today. The logic of co-operation invites neighbours, communities, and nations to work together, respecting each other and nature, of which they are an integral part.

According to the logic of the market, only commodities have any value. Clean air and water, the bounty of nature preserved for future generations, community, loving relationships with others, justice, are all without value. Since they cannot be bought and sold, they do not enter into the calculation of profit and loss, nor do they figure in the success or failure of an enterprise. We must not conclude from this that the market has simply ignored such realities, that it has accorded them benign neglect. On the contrary, the logic of the market has penetrated the most transcending of realities, turning even profoundly human experiences into commodities.<sup>23</sup> Birth and death, sexual relations, and religion, for example, have all been turned into items for sale and consumption.

The creation of a global market (i.e., the internationalization of capitalism over the past few decades), has radically changed the framework of political and economic debate. We live in a world in which individual states are sovereign. As long as economic activity was centred largely within the jurisdiction of individual states, collective political action could mitigate the worst effects of the logic of the market. If the market made regard for environmental damage good business sense for each entrepreneur privately, for example, the state, acting for the common good, could force all to comply with antipollution regulations. This fact made social democracy a popular political option. People saw government regulation as a corrective to the illogical results of the market. Globalization of the economy, however, has rendered such a political option meaningless. There is no overarching sovereign body that can order international economic activity. States can regulate within their own boundaries, but if one state imposes strict controls for companies within its borders, it puts these businesses at an enormous disadvantage.<sup>24</sup>

It is no small wonder that co-operation has not come into full bloom given the environment within which it is required to “compete.” There is a compelling need for a paradigm within which its full promise can be realized. In the absence of such a paradigm, co-operation at its best reduces to a group of persons working together in a struggle to keep the predators at bay or, at its worst, a group of people working together to take advantage of others, themselves becoming predators.

### ***Co-operative Values and Principles***

The 1995 ICA Statement on Co-operative Identity notes ten values and seven principles that provide the co-operative enterprise with its distinguishing characteristics. The values of self-help, self-responsibility, democracy, equal-

ity, equity, solidarity, honesty, openness, social responsibility, and caring for others are necessary conditions not only for a co-operative enterprise but also a paradigm within which co-operation can flourish. When the seven principles are adhered to as guidelines, each of the ten values is assured an integral place in the practice of co-operation. Significantly, this paradigm recognizes that the well-being of people and their society cannot be separated from the well-being of the environment, i.e., the person is an integral part of nature. The values and principles communicate the message that the fundamental and all-encompassing value of co-operation is respect for the dignity of life. The co-operative paradigm's strategy is sharing.

### *Solidarity*

Co-operatives are most often organized to protect their members against such vagaries of the market as rapid price fluctuations, insecure supply, economic instability, and extreme dependency. They are also organized, with some exceptions, around a single interest. That single interest, held in common, is the mutual interest, or solidarity, of the members. Thus we see a variety of co-operatives organized around single but different interests in a society. Within the capitalist market paradigm, it is not uncommon for co-operatives to pursue antagonistic interests: consumer at the expense of producer interests, for example, or financial versus worker interests. These kinds of antagonisms are exceedingly difficult, if not impossible, to avoid within the competitive market model.

The challenge for the co-op movement is to view what heretofore have been seen as single and antagonistic interests as multiple, complex, and mutual. For reasons of management and efficiency, co-operative enterprises could well be organized around single interests—production, for instance—but the relationship between and among the various co-ops would be founded on mutual complex interests. These kinds of relationships, at least in principle, promote and enhance the experience of community solidarity.

The practice of solidarity begins in community where the interest of the other is given the same saliency and respect as the interest of the self. In terms of the co-operative economy, solidarity means a structural integration of the various co-operative enterprises that serve the community needs. While each co-operative maintains its own identity through the usual ownership and governance structure, the interest of the other forms an integral part of its own functioning and decision making.

### *Ownership*

Community lies at the very heart of the co-operative economy, and the co-operative is the manifestation of the solution to a community's problem. In

such a scenario, co-operatives obtain their goods and services from, and market their goods and services to, other co-operatives and their communities. Ultimately, the security of these relationships is assured when each co-operative invests in the ownership of every co-operative with which it has a relationship. That is precisely what is meant by integrated co-operative development.

#### *Governance and Participation*

Participation in governance follows investment in ownership. The co-operative democratic principle assures all vested interest—stakeholders—in the co-op a participatory role in its governance. This secures the community interest in its well-being. A community's primeval interest is its survival into the indefinite future. By virtue of the co-operative's *raison d'être* and its relationships with the other co-operatives, the community's present and future well-being is a constant presence in the deliberation of co-operative governance agenda. And this is precisely what sustainability can be taken to mean. As a consequence, all of a community's necessary economic activities will be sustainable into the indefinite future. Nature is the environment within which sustainable community well-being must be organized, and hence becomes another constant in the governance of enterprises in a co-operative economy. It is from nature that community draws its sustenance, and it is to nature that it continually returns. Economic activity in a co-operative economy—i.e., consumption, production, and distribution—is performed in harmony with nature.

The crises of justice and nature endemic to the capitalist market economy are completely obviated in a co-operative economy. Because the co-op economy is community based, just relationships and respect for nature are integral to its operation. The co-operative economy is a long distance from the status quo in most of the world today. The road from here to there is fraught with obstacles galore, none of which, fortunately, is insurmountable.

#### *Education and Leadership*

Education is the most important component in the strategy towards a co-operative economy. Co-operative leaders the world over must place greater emphasis on the education of their own members, the public, and especially youth. Davis and Donaldson emphatically add another group requiring co-operative education:

A major part of the solution requires expansion of management education facilities. This cannot usefully happen without careful thought about the content of such education and training. As with other forms of management, the problem is one of balance. Co-operatives are dif-

ferent enough from mainstream management to require their own principles, concepts and training materials.<sup>25</sup>

Co-operative leaders must make the necessary investment in co-operative management education, without which co-ops will continue to risk being identified as corporations with private-investor interests.

Of course, this is much easier said than done. It starts with a leadership that is not only informed about co-op values and principles, but also well versed in the political economy of its own community and indeed the larger world context. Successful co-operative leadership has a long nose beyond which it peers into the future from a foundation of a healthy grasp of the present and past. It looks upon the injustices and environmental devastation with repugnance and is driven by a vision capable of hearing and acting upon the cries for redress. Co-operatives must hear that cry and take seriously the movement's exhortation to educate in the co-operative alternative. The smoothest pavement that can be laid on the road to the co-operative economy is its inclusion in the curricula of educational institutions from elementary to postsecondary. The legions of unemployed and impoverished youth and students despairing for their future are receptive to the message of sharing and community. Co-operators the world over are challenged to communicate that message to them.

H.H. Hannam, a strong leader of the farm and co-operative movement in Ontario, communicated that message in these words:

What is the co-operative idea? It is this: That we may each make a good living without doing so at the expense of someone else; that we may better secure and enjoy the necessities and comforts of life by helping each other than by following the maxim of every man for himself; that not only individuals, but industrial groups and nations also, may secure the best for themselves by working for the common good instead of battling selfishly for group or national advantage.<sup>26</sup>

### ***Endnotes***

1. The term "social" is used here in its broadest sense to include the political and economic.
2. Please refer to Appendix 1 for the authoritative statement on co-operative identity, values, and principles issued by the International Co-operative Alliance in 1995.
3. The terms "global market economy" and "capitalist market economy" are used interchangeably.
4. Mark Hathaway, "From Death to Life: Revisioning Economics," *Scarboro Missions* March 1996: 14.
5. The author has taken the liberty of paraphrasing Wolfgang Sacks in the preceding

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- paragraph. See his “The Political Anatomy of ‘Sustainable Development,’” *Interculture* 29 (1) (1996): 14–35.
6. There exists a large body of literature critical of development theory and practice. A particularly well-argued book is Wolfgang Sachs, ed., *The Development Dictionary: A Guide to Knowledge as Power* (London: Zed Books Ltd., 1992).
  7. These data are drawn from Richard Gwynn, “Income Gap Swallows Most of Humanity,” *The Daily Gleaner*, 31 July 1996: 5.
  8. See Michael Barrat Brown, *Reform and Realities in the International Trading System* (London: Zed Books Ltd., 1993).
  9. Ralph Nader and Lori Wallach, “GATT, NAFTA, and the Subversion of the Democratic Process,” in *The Case Against the Global Economy*, eds. Jerry Mander and Edward Goldsmith (San Francisco: Sierra Club Books, 1996), 96 and 105–6.
  10. Vandana Shiva and Radha Holla-Bar, “Piracy by Patent,” in *The Case Against the Global Economy*, 146–7.
  11. David C. Korten, “The Mythic Victory of Market Capitalism,” in *The Case Against the Global Economy*, 185.
  12. Herman E. Daly, “Sustainable Growth? No Thank You,” in *The Case Against the Global Economy*, 192–3.
  13. Paulo Freire, *Pedagogy of the Oppressed* (New York: Continuum, 1982).
  14. For an eloquent discussion of this dilemma see Wolfgang Sachs, 16–21.
  15. Peter Davis and John Donaldson, *Co-operative Management: A Philosophy for Business* (Cheltenham, UK: New Harmony Press, 1998). Co-operative boards of directors would be well advised to make this book mandatory reading for themselves and all management with the view of implementing co-op–value-based management.
  16. This definition of the co-operative is taken from the “Statement on the Co-operative Identity” adopted by the General Assembly of the International Co-operative Alliance, Manchester, UK, 23 September 1995. See Appendix 1 for full details.
  17. E.G. Nadeau and David Thompson, *Co-operation Works!* (Rochester, Minnesota: Lone Oak Press, 1996).
  18. *Ibid.*, 8–9.
  19. David C. Korten, *When Corporations Rule the World* (New York: Kumarian Press, 1995). Korten describes the benefits and costs to Moore County, South Carolina, from the functioning of the free market as follows:

It benefited handsomely when large manufacturers fled the unionized industrial regions of the Northeastern United States in the 1960s and 1970s, lured south by promises of tax breaks, lax environmental regulations and compliant labor. Not only did Moore County offer attractive tax breaks to prospective investors, it worked with them to provide publicly financed facilities tailored to their individual needs. When Proctor Silex expanded its local plant, Moore County floated a \$5.5 million bond to finance the necessary sewer and water hookups—even though nearby residents were without tap water and other basic public services. Then in 1990, NACCO Industries, the parent company of Proctor Silex, decided to move its assembly lines to Mexico, eliminating the jobs of 800 workers and leaving behind drums of toxic waste and the public debts the county incurred on the company’s behalf.
  20. Not included in this concept of private property are such things as personal pos-

## *Memory, Mutual Aid, and the Millennium*

sessions of clothing, shelter, and recreational devices. Private property in this case refers to the means of production such as land, water, natural resources, transportation systems, communications systems, and factories.

21. These concepts have been liberally borrowed from Korten, "The Mythic Victory," 184.
22. Davis and Donaldson, 128.
23. There is a real paradox here. On the one hand, the market has no sympathy, no sentiment, and so is unable to see justice, humanity, etc. as truths and values. To the market, these values are lacking in reality. On the other hand, the market tries to transform everything into its own likeness, attempting to turn everything it can into commodities. Sexuality becomes prostitution, religion becomes fundraising. See Georg Lukacs, *History and Class Consciousness* (Cambridge: The University Press, 1968), especially 83–102. Lukacs argues that under capitalism, all personal and social relations are transformed and mediated by the commodity, and we become like commodities to one another.
24. The two preceding paragraphs are taken from David Bedford and Sidney Pobihushchy, "Towards a People's Economy: The Co-op Atlantic Experience," *Interculture*, 26 (3): 5.
25. Davis and Donaldson, 128.
26. H.H. Hannam, *Co-operation: The Plan for Tomorrow Which Works To-day* (n.p., 1937), 3–4.

### ***Appendix 1***

The statement on Co-operative Identity was adopted 23 September 1995 at the Congress and General Assembly of the International Co-operative Alliance held in Manchester on the occasion of the alliance's centenary. The statement was the product of a lengthy process of consultation involving thousands of co-operators around the world.

#### **The International Co-operative Alliance Statement on the Co-operative Identity**

##### **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 organizations, 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.

**2nd Principle: Democratic Member Control**

Co-operatives are democratic organizations 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 organized 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; benefitting 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 organizations controlled by their members. If they enter into agreements with other organizations, 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.



*In retrospect it may seem strange that, while so much importance was attached to the power of women in the co-operative movement, so little effort was made to ensure that they would have a place in directing the policies of the co-op stores. It was disappointing to find an all-male board directing a business that depended almost entirely on the support of women buyers. There were some women's names on the list of charter members of co-operative stores. There were none on the rosters of the first boards of directors. It was generally accepted that women could choose to determine the success or failure of a co-op store but it was as difficult to elect a woman to the board of directors as it was to send a woman to the House of Commons.*

Ida Delaney, *By Their Own Hands:  
A Fieldworker's Account of the Antigonish Movement*  
(Hantsport, NS: Lancelot Press, 1985), 121.

## *Co-operative Leadership in the New Millennium*

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**T**he problems faced by co-operative organizations within communities of all sizes today are inextricably intertwined with an old phenomenon, now popularly called globalization. These problems have a number of characteristics. They are often ill-defined, or there is disagreement as to how they should be defined. Typically, several stakeholders have a vested interest in the problem and they are interdependent. Often, these stakeholders are not necessarily identified in any systematic way. There may be disparity of power or resources among them. They may have differing levels of expertise or access to information, and differing perspectives on the problems often lead to adversarial relationships. Incremental or unilateral efforts to deal with the problems typically produce less than satisfactory solutions. And often, the existing processes for addressing the problems have proven insufficient and may even exacerbate them.

Problems of this magnitude have been variously named “messes,” or metaproblems. Eric Trist suggests that what we are seeing is an emerging societal pattern.<sup>1</sup> We are moving away from past approaches, which were characterized by discrete problem solving, independent objectives, and competing interests, to the future, where we will face metaproblem solving, interdependent objectives, and collaborating interests.

It has been suggested that “the fundamental interdependencies that now form the foundation of modern existence compel us to reexamine how we organize to solve problems, locally as well as on a national and international level. We need a new metaphor that captures our interdependent relationships.”<sup>2</sup> And we need a leadership knowledgeable of the processes required to move forward to new and creative outcomes.

This chapter examines the characteristics required of leaders in the challenging times facing co-operatives and credit unions in urban and rural settings. Although the immediate focus is Saskatchewan, the issues and observations are equally applicable in urban and rural areas around the world.

### ***Historical Overview***

Throughout the twentieth century, co-operatives and credit unions have played an integral role in the social and economic development of Saskatchewan. The formation of the first co-operative enterprises at the turn of the century grew out of the struggle of rural people to gain control over their local economies. They turned to co-operative activity as a means of marketing their agricultural produce and obtaining needed goods and services.

These initial forms of co-operation have evolved into an extensive network of co-operatives. Co-operatives in Saskatchewan are involved in a wide range of activities, including agriculture and resources, community development, recreation, child care and education, wholesale and retail, financial, and community service. Through a system of nearly sixteen hundred co-operatives and credit unions, they provide services to more than one million registered members, while providing employment to 14,400 people in the province. “It is probable that in no province or state on this continent with a population of approximately one million has the Movement made so much and such a varied progress.”<sup>3</sup>

What is perhaps most distinctive about co-operatives is their diversity in size. Two of Saskatchewan’s three largest businesses are co-operatives, as are four of the province’s top twenty firms. Large co-operatives, such as the Saskatchewan Wheat Pool, Credit Union Central (CUC), and Federated Co-operatives Limited (FCL), wield significant economic power in the provincial economy. Although smaller co-operatives seem insignificant in comparison, they are major players at the community level, and two of the largest—FCL and CUC—exist primarily to serve the needs of a network of smaller retail and financial co-operatives.

As one of the few remaining businesses in small centres, a co-operative provides essential employment and services to residents and has a significant impact on the survival of rural communities. Dispersed throughout the province in communities of every size, the smaller co-operatives provide important local economic activity, employment, and thus stability in the most vulnerable of communities. In addition, co-operatives have made, and continue to make, important social contributions to the communities in which they are located.

The central feature that has enabled Saskatchewan co-operatives to succeed in the face of extremely daunting challenges has been the leadership of the women and men who early on recognized the inherent strengths of the co-operative form of organizing.

When we speak of leadership within credit unions and co-operatives, we are speaking of a fundamentally greater leadership challenge than is faced by others in the private sector. When we speak of leadership development within co-operative organizations, we are talking not only of managers, but also board members, who must provide leadership in order for the credit union and co-operative to be strong—leaders who understand that the strength of the co-operative is intimately connected to the strength of the community. This in my mind is fundamentally what sets co-operative organizations apart.

### ***The Role of Leadership in the Formation of Entrepreneurial Communities***

One response to concerns over community decline is to encourage the development of entrepreneurial communities.<sup>4</sup> Three components have been identified as being critical for the development and maintenance of dynamic and vibrant communities: physical infrastructure—the development of railroads, telecommunications, roads, postal services, etc.; personal infrastructure—the development of individual leadership within the community; and social infrastructure—brought about through building networks, shared values, and trust. Social infrastructure is the key ingredient that ties together the physical and the human, allowing the community to grow and develop.

### ***Formation of Physical Infrastructure***

Saskatchewan, like many other places in Canada and the world, is undergoing significant structural change. As can be seen in table 1, there have been dramatic changes in the number of communities in each of the functional categories over the past thirty-four years. The increasing number of communities in the lower functional categories reflects the fact that smaller communities in the province are losing economic activity as people increasingly shop in the larger centres. It also reflects a shift of population out of rural areas, reducing the number of activities a community can sustain.

Co-operatives are found in communities representing all six functional categories, but are concentrated in the communities providing minimal services. Figure 1 indicates that 66 percent of retail co-operatives and 52 percent of credit unions in Saskatchewan are located in the Minimum Convenience category, with a further 17 and 16 percent of retail co-ops and credit unions, respectively, located in Full Convenience centres.

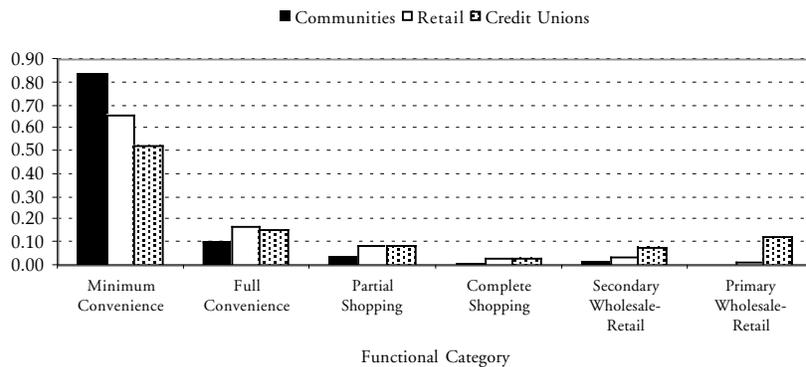
At the Minimum Convenience level, approximately one community in three has a general store, while just under one community in two has a grocery store. Since retail co-operatives are located in 66 percent of the Minimum Convenience and 17 percent of Full Convenience centres, it is clear that co-ops are a major factor in providing services to this level of community.

**Table 1: Functional classification of Saskatchewan communities: 1961, 1981, 1990, and 1995**

Functional Category	Year			
	1961	1981	1990	1995
Minimum Convenience	271	400	419	500
Full Convenience	189	136	117	59
Partial Shopping	99	30	46	22
Complete Shopping	29	22	6	6
Secondary Wholesale-Retail	8	8	8	8
Primary Wholesale-Retail	2	2	2	2

Source: Stabler and Olfert 1996.<sup>5</sup>

**Figure 1: The relative share of retail co-operatives and credit unions in communities classified by functional category, 1996**



Source: Stabler and Olfert 1996

*Community Function and Co-operative Behaviour*

A strong relationship exists between the functions performed by a community and the role played by a co-operative in that community. The co-operative is often the only business in towns at the Minimum Convenience level. Despite this, the co-operatives are able to provide goods and services at competitive prices as well as provide goods and services that would otherwise not be provided. Co-operative and community-owned curling rinks, bowling al-

leisure, and recreational centres are equally important. In many areas, these services are vital to the preservation of the spirit of the community. Without community involvement, services would not be provided, since the town would not have the tax base to provide them.

In communities that fall into the next two categories—Full Convenience and Partial Shopping centres—many of the same observations continue to hold. The retail co-operative and credit union are viewed as important in ensuring competitive pricing and the continued provision of goods and services in the community.

While co-operatives are essential for stabilizing the community in terms of filling in holes where service is lacking, they are also expected to restrict the services they provide so that other firms can remain in business. This creates a dilemma for managers and boards when it comes to making decisions about the deletion or addition of services. Residents feel that the presence of the co-operatives strengthens their community, but are concerned at the same time that they not undercut other similar businesses. Tough economic times and the pullout of chartered banks and some of the chain department and hardware stores have often left the co-operatives in these communities as the primary provider of services. At the same time, intense competition among the remaining businesses has challenged the co-operatives and credit unions to remain current and innovative. And while the number of co-operatives may have declined in some sectors, the number of communities served has actually remained stable or increased. In many instances, co-operatives and credit unions are asked to set up or retain branches in adjacent Minimum or Full Convenience centres. They are frequently asked to make decisions that benefit many beyond their immediate community, and co-operative organizations have risen to the challenge.

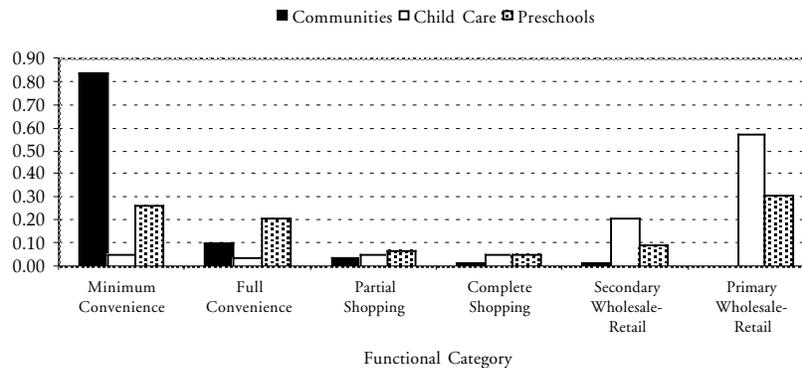
At the Complete Shopping level, co-operatives play a less essential role than is the case in the lower functional categories. Nevertheless, co-operatives continue to have an important impact on providing price competition, particularly in nearby communities where branches are located. This is becoming increasingly difficult since co-operatives in this category face tougher economic times than those in lower levels. This is due partially to the high level of competition in those communities, and partially to the fact that communities as a whole in the Complete Shopping category are having considerable difficulty maintaining services. As in the Partial Shopping level, the dilemma of providing services, while not forcing others out of business, is important.

At the Secondary Wholesale-Retail level, the role and importance of co-operatives change once again. As figure 2 illustrates, the importance of non-profit co-operatives, such as child-care, playschool, and preschool co-operatives, increases substantially. Alone or in partnership with other organizations, for example, co-operatives and credit unions have been active and innovative in the provision of child-care and health facilities, programmes, and out-

reach. A significant step has been taken to promote home ownership among low-income tenants using the co-operative model,<sup>6</sup> and related projects have been undertaken to provide training and self-employment opportunities for people lacking attractive employment prospects.

At the same time, retail co-operatives and credit unions continue to play an important role. Moreover, the co-operatives and credit unions based in the larger centre have been able to respond to requests from outlying communities to help with the establishment of satellite service outlets offering a quality and range of services that would otherwise be unavailable locally.

**Figure 2: The relative share of child-care and preschool co-operatives in communities classified by functional category, 1966**



Source: Stabler and Olfert 1966

The role of co-operatives at the Primary Wholesale-Retail level is somewhat reduced compared to the Secondary Wholesale-Retail level. The retail co-ops play the role of third grocery firm, thereby reducing the possibility that the dominant firms can exercise market power. The importance of co-operatives at this level of the functional hierarchy is in providing services to narrowly defined groups. Child-care, preschool, and housing co-operatives are obvious examples (see figure 2), as are the variety of mutual self-help groups. The Primary Wholesale-Retail centres also house the head offices of the large co-operatives, utilizing city services and contributing directly through employment, taxes, and community involvement.

In summary, co-operatives play a major role in contributing to physical infrastructure in smaller communities, and a strategic and targeted role in larger communities. The second factor in the development of strong and vibrant communities is the formation of a personal infrastructure—a body of informed and skilled leaders.

### ***Formation of Personal Infrastructure***

Research has identified at least three types of leadership present within a community setting.<sup>7</sup> The first is the transactional leader, or the leader as manager. Through a contractual relationship, the transactional leader provides day-to-day management of local community infrastructure. Since this type follows more functional ideals, however, he/she tends to look only at such things as short-term goals/profits, and cost-benefit analysis. As a result, the transactional leader is not helpful for building long-term community cohesiveness.

The second type is the transformational leader. The relationship between transformational leaders and their followers is voluntary, based on common goals. Concern, however, is often for a specific organization, such as the local co-operative, rather than the whole community. It may follow from this that an action, good for the group or organization, may be undertaken to the detriment of the larger community. In addition, leadership development within the group may be neglected.

The third leadership type is the community-based leader. Unlike the transactional or transformational models, the community-based leader looks at the interests of the whole community. The community-based model is a “consensual task, a sharing of ideas and a sharing of responsibilities, where a leader is a leader for the moment only.”<sup>8</sup>

Such an approach to leadership can result in more sustainable growth in communities—an approach by which people are empowered to affect the course of social and economic change, following priorities that they set according to community, democratic, and other values. Such an approach starts with the community as a focal point, providing mechanisms to enhance the development of local leadership and control. The essential success factor is local control in the definition of needs, solutions, and evaluation.

Research has discovered that co-operatives and credit unions provide such mechanisms.<sup>9</sup> Co-operatives have a strong impact on both the current leadership in rural communities and the development of new leaders.<sup>10</sup> Co-operatives are participatory democratic organizations, and involvement on co-operative boards can help prepare individuals for more general community leadership. Most co-operatives offer leadership training programmes, and many opportunities to develop knowledge and skills. A particular kind of leadership is required, however, for a community to first identify the need for social infrastructure, and secondly, to realize it.

### ***Formation of Social Infrastructure: Leadership for Tomorrow***

Social infrastructure is brought about through building networks, shared values, and trust. Indeed, community members will develop social infra-

structure only through co-operation and mutual aid. An important aspect of its formation is that often to its detriment, social actions and efforts may not necessarily directly benefit the individual who undertakes them, and consequently may not be performed. If this is the case, social infrastructure will not develop in the community.

There are three major aspects to the formation of an entrepreneurial social infrastructure<sup>11</sup>—symbolic diversity, resource mobilization, and quality linkages.

Symbolic diversity exists in communities that value diversity of opinion, accept controversy, and allow for the discussion of alternative solutions. In addition, where politics are depersonalized, the community has an attention to process rather than to winning, and allows for more permeable boundaries. What is key here for healthy development is the ability of a community to be inclusive rather than exclusive.

The second point is that the community must be able to collectively mobilize all available resources for investment within the community. Ways must be found to allow community members to risk the formation of a group enterprise, rather than have individuals risk investment alone. If a large number of people are able to, and are publicly acknowledged for, investing resources such as time and knowledge, along with financial resources, then the community's social infrastructure will be augmented.

The third requirement is the formation of quality formal and informal networks within the community. These networks need to be diverse, i.e., spread throughout the community. Multiplicity of networks will not only make community members aware of the different problems to be dealt with, but will also encourage more innovative solutions, thereby contributing to the development of diversity in community leadership. Linkages must also be developed, horizontally and vertically, outside the community. Through horizontal networks, communities can glean development ideas from other communities and groups like themselves. The response to knowledge gained through these types of efforts is often, "If they can do it there, then we can do it here." Vertical networks, which link community members with public and private resources beyond the community, provide needed information, technical assistance, and financial resources. These linkages can be built through formal organizations or informal relations.

What has been described is essentially the way that credit unions and co-operatives have functioned and continue to function. What we have failed to identify and celebrate, however, is the critical contribution that these actions make to building strong communities, and in turn, strong co-operative organizations.

Recent research<sup>12</sup> has identified examples where co-operatives and credit unions, through integrating diverse ideas, mobilizing collective resources, and building strong networks, have developed collaborative models that ulti-

mately have been able to maintain existing services in vulnerable communities, expand the range of services provided, and introduce entirely new ones not possible without using collaborative models to leverage limited resources.

In the history of most co-operatives, stories can be found regarding the role of one in assisting the development of another. It is common to hear that the credit union started in the store:

- “The manager ran the credit union out of a shoe box in his desk drawer.”
- “The credit union’s original safe is sitting in the corner of my [store manager’s] office.”

With that history, it is not surprising that alliances with other co-operatives to provide new services, or to enhance the ability to maintain those already in existence, have again been identified as a necessity for survival, as well as an opportunity for innovation. For instance, we find credit unions using an alliance model to develop a dealer finance centre, with participating dealerships in three communities. The intent of the programme is to co-operate with other credit unions, rather than take business away from them. The same credit union has joined with its counterparts in three other communities to share costs so they can offer teleservice to their membership.

Another credit union has established a subsidiary that offers innovative leasing arrangements around the province for items such as office equipment, commercial supplies, and even grain bins. As with the dealer financing centre, there is a sharing of both cost and opportunity, while keeping business in local communities rather than having it taken out of them.

While joining with other same-sector co-ops to form federations for joint buying has a long tradition within the co-operative system, alliances with co-ops outside the sector, or with non-co-operatives, to provide new services or to enhance the ability to maintain those existing, are new. The board and manager of a consumer co-op have adopted the philosophy that whenever the membership wants a new service, the co-op will look around for partners already in that business. The arrangement they propose is intended to increase service to members, while not putting the co-op at risk, and at the same time, strengthening an existing business. Examples include collaborative arrangements that have been made with other co-operatives—joint buying of fertilizer with two other consumer co-ops in the northeast, and a joint bulk plant with four other consumer co-op associations south of the community—as well as with privately owned businesses: a partnership with two local contractors who purchase their lumber and other materials through the home centre to build Ready-to-Move homes, which are jointly marketed

by the co-op and the contractors; an alliance with John Deere that leases combines to the co-op, which are then rented on an hourly basis to members; and an arrangement with a local independent trucking firm to provide services to members. Links to co-operatives outside the province and the country have been critical to the board's willingness to become involved in many of the ventures identified above. The board's operations committee has travelled to Manitoba and Alberta to tour both co-operatives and independent companies, as well as into the US to visit a large midwest co-op.

It would appear that:

- collaborative ventures are often business-need driven;
- the desire to collaborate is often linked to scarce resources;
- innovative ideas start with a local definition of needs;
- credit union and co-operative board members have to network a lot, providing for vertical and horizontal linkages;
- credit union and co-operative board members have to broaden out and build relationships;
- innovative ideas come from study tours to other areas.

Some interesting things about the style of leadership associated with these collaborative ventures have also been identified. The leaders:

- had to lead and not manage;
- had to lead, and at the same time, give up control;
- had to be willing to entertain changes that threatened autonomy;
- had to provide leadership in a community setting without protecting territory.

### ***The Leadership Challenge***

What do we have to do to ensure that credit unions and co-operatives are able to deliver on their potential? In addition to providing a mechanism for democratic participation in the process, an understanding of how to work together collaboratively is an absolute necessity. Collaboration is a process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible. It involves building a common understanding of how these images appear from their respective points of

view; this understanding forms the basis for choosing a course of action to advance the collective good of the stakeholders involved.<sup>13</sup> Fundamental to this approach is community-based planning, which considers all stakeholders, including established businesses, community groups, and individuals. The notion of partnership is a central feature.

Unfortunately, co-operation and collaboration during times of scarce resources require effort and understanding, sharing and trust—something that builds over time, and not without some kind of support system and the encouragement of a different set of values. To accomplish this, leaders need a vision of what collaboration can achieve, sensitivity, and the ability to develop relationships with diverse stakeholders. Diversity in opinion and experience contributes to this ability.

Co-operatives possess a structure and processes capable of including a diversity of people and opinions from the community on their boards. This offers the potential to strengthen and multiply synergies among people and increase the numbers available for leadership. The sad truth is, at this point in time, that women, youth, and disadvantaged groups are under-represented in leadership positions generally, and in co-operatives and credit unions around the world.

The failure to involve women in meaningful ways in the leadership of co-operatives and credit unions around the world has been noted time and again.<sup>14</sup> Clearly, women have the ability and desire to lead, as demonstrated by their representation in positions of leadership in general community associations and boards.<sup>15</sup> A recent study has suggested that agricultural organizations wishing to gain new perspectives and new members could achieve their purposes by simply taking advantage of the contributions of farm women already active in community groups. Co-operatives and credit unions would do well to follow that suggestion.<sup>16</sup>

### ***Leadership for the New Millennium***

To become effective collaborators, leaders need to become “process literate”; that is, to possess the knowledge of the process tools, both human and organizational, for designing effective collaborations. Cultivating leaders with these special competencies is essential for managing multicommunity problems in a collaborative manner.

Of primary importance is the ability to place decision making within a context; to feel the connection to community and community welfare, rather than primarily individualistic motives. The ability to examine problems in a holistic way has to be encouraged, whether it be by inclusion in our educational curriculum at primary, secondary, and postsecondary levels, or in our leadership development programmes within organizations and for those who work within communities. We cannot assume that individuals are au-

tomatically able to do this on their own. Skills such as those identified are cultivated and honed through co-operative youth seminars, provincial and regional initiatives, as well as through internal leadership development programmes.

All individuals in positions of leadership within co-operatives and credit unions are encouraged to reflect on how they as board members, as managers, and as organizations have approached decision making and problem solving, and have provided leadership. The environment we face is problematic and challenging. The leadership challenge begins.

### **Endnotes**

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2. Barbara Gray, *Collaborating: Finding Common Ground for Multiparty Problems* (San Francisco: Jossey-Bass, 1989), 269.
3. B.N. Arnason, "Co-operatives in Saskatchewan," in *The New Opportunity for Co-operation* (Saskatoon: University of Saskatchewan, 1941).
4. C.B. Flora and J.L. Flora, "Entrepreneurial Social Infrastructure: A Necessary Ingredient," *Annals AAPSS* 529 (1993): 49.
5. Jack C. Stabler and M. Rose Olfert, *The Changing Role of Rural Communities in an Urbanizing World: Saskatchewan—An Update to 1995* (Regina: Canadian Plains Research Centre, 1996). Table 1 makes use of a categorization of communities developed by Stabler and Olfert. This system placed communities in one of six groupings, each of which corresponded to a different level of a functional hierarchy. Stabler and Olfert described the groupings as: Minimum Convenience; Full Convenience; Partial Shopping; Complete Shopping; Secondary Wholesale-Retail; and Primary Wholesale-Retail. Communities below the Primary and Secondary Wholesale-Retail levels were assigned to one of four functional categories using a cluster analysis program, which grouped together communities that were similar in terms of population, commercial functions (as represented by 30 Standard Industrial Classification codes), and the number of doctors, hospitals, special health care facilities, high schools, and grain elevators.
6. Hammond Ketilson et al., *The Social and Economic Importance of the Co-operative Sector in Saskatchewan* (Saskatoon: Centre for the Study of Co-operatives, 1998). There is also the example in Saskatoon of the Quint Development Corporation, a fully active co-operative housing organization.
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9. Hammond Ketilson et al., *The Social and Economic Importance of the Co-operative Sector in Saskatchewan*.
10. Ibid.
11. Flora and Flora, "Entrepreneurial Social Infrastructure."
12. Ibid.

13. Gray, *Collaborating*.
14. Maria Elena Chavez quoting Emmy Freundlich, president, International Co-operative Women's Guild, 1921, in "Women and the Co-operative Movement," *ICA Centennial Congress Special Edition*, 1995.
15. For a detailed study see Hammond Ketilson et al., "Leadership Development Survey," in *The Social and Economic Importance of the Co-operative Sector in Saskatchewan*. See also results of Agriculture and Rural Restructuring Group study, *Women in Agriculture* (Brandon: Rural Development Institute, 1996).
16. More extensive recommendations for action around increasing the participation of women and other under-represented groups in co-operatives is to be found in L. Theis and L. Hammond Ketilson, *Research for Action: Women in Co-operatives* (Saskatoon: Centre for the Study of Co-operatives, 1994).



*Here in the highly industrialized profit-oriented business community comprising most of North America, co-operatives exist in a hostile environment. It is an environment in which wealth and power are usually the measure of social prestige and in which sheer size is associated with corporate success. Modern business is, incredible as it seems, based on the theory that selfishness is a virtue, that the purposes of society will best be served if the objective of each enterprise is to make the last possible cent....*

*The co-operative way constitutes green and hopeful oases in that moral desert. These oases must be expanded and secured at all costs. Windbreaks must be planted. Pure clear water must be raised from the depths. The oases must be kept in communication one with another—the whole movement united in an endeavour to eliminate the desert, that is to develop a business community which will be based on sound moral principles.*

Ralph S. Staples, *The Morality of Co-operation*  
(Ottawa: Co-operative Union of Canada, 1956), 2-3.

## *No Small Ideas*

*Bill Turner  
President*

*Canadian Co-operative Association*

**I**s the Canadian co-operative movement suffering from amnesia? Have we lost our collective memory of who we are and our pride in the tremendous role that co-operatives have played in the development of Canadian society? It is a role much greater than our participation in the total economy would indicate. As the century closes, credit unions and financial co-operatives, agricultural co-ops, retail/wholesale co-ops, housing co-ops, worker co-ops, and health-care co-ops are all vital contributors in their respective sectors of the economy. But as a movement, do we have the solidarity and collective vision that will propel our institutions into the next millennium?

At this juncture in particular, we need to recall our legacy, and celebrate our successes. We need to reflect on the influences and leaders that formed our institutions, be proud of who we are, and build on that firm foundation for the future.

Since achieving nationhood, our country has been built on a model of collaboration. The result has been that, for most citizens, there has been economic prosperity and social stability ensured by an educated and productive workforce.<sup>1</sup> From a qualitative perspective, the United Nations continues to rank Canada as one of the best countries in which to live.

Co-operative enterprise has been an important contributor to the success of the Canadian economy and the Canadian quality of life, particularly in the prairies,<sup>2</sup> the North, and Québec. At the close of the century, according to statistics collected by the Canadian Co-operative Association, co-operatives employ approximately 150,000 Canadians in stable, well-paying jobs. Canadians hold some 14 million memberships in co-operative organizations throughout the country. Co-operatives own about \$166 billion in assets, which is ap-

proximately double the size of Canada's voluntary sector. The largest grain-handling company in the country is a co-op. Canadian co-operatives are a success story and, to quote Lynne Toupin, CEO of the Canadian Co-operative Association, "one of the best kept secrets in the land."

Our founders had no small ideas. They dared to dream of building strong co-operatives that would play an influential role in the economy—co-operatives that would form a movement towards a collaborative, egalitarian society. They started with few resources, strong commitment, and an inspiring confidence that ensured success. We are greatly indebted to these visionary leaders.

These leaders understood clearly that co-operation was more than an ideology. Co-operation was a practical response by people whose needs were not being met in the traditional market-place or by their governments. For Alphonse Desjardins, it was about usury and the alleviation of poverty. For the founders of credit unions in Saskatchewan, it was about access to credit to operate their farms or small businesses. Generally speaking, it was about a focus on people, their needs, and their desire for meaningful participation in decisions that affected their lives. It was about being entrepreneurial, taking action and building self-reliant organizations that would enhance the well-being of individuals and their communities.

### ***New Challenges***

However, as we enter a new century, with a changing global economy, both the country and the co-operative system face new challenges. Cracks are appearing in Canadian society. The middle class is shrinking. In rural and remote areas, aboriginal communities, and inner cities, many of our citizens are living on the margin of mainstream society. On these fringes, the lack of resources or a sufficient population base mean that essential services will increasingly be beyond their grasp. Youth unemployment and child poverty are but two of the symptoms of the fundamental change that is occurring in the Canadian economy.

The co-operative system too is grappling with changing demographics, new rules that govern the market-place, and advancing technologies. The worldwide trend to liberalized trade has allowed large transnational organizations access to new markets, threatening smaller, locally owned enterprises such as our co-operatives. The result could well be the transfer of control and wealth out of our communities. In this circumstance, co-operative enterprise becomes the equalizing force in an economic system dominated by large global firms. An effective network of co-operatives establishes the critical mass for co-ops to be competitive and provides the essential link between local people, their communities, and the global market-place. The challenge for the co-operative system is threefold:

- to re-tool the established co-ops, maintaining their unique essential character, so that they can provide their members with competitive products and services and be innovative in developing new areas of endeavour;
- to develop new co-ops in areas that are on the margins of Canadian society; and
- to establish the national and international co-operative networks to link them together.

As we reflect on these challenges and consider the role of co-operatives and their potential for growth within the Canadian and world economies, it is leadership, ideas, and vision that will propel us forward. There is no need to limit our aims to being just as good as the other competitors in the market-place. After all, the next chartered bank, large retail chain store, or multinational grain company is only a short drive, phone call, or internet hookup away from most Canadian citizens. Co-operatives need to be something more. Striving to mimic other forms of enterprise will impede, if not extinguish, our future growth. We need a leadership that will articulate a clear and persuasive co-operative identity—an identity that distinguishes us from other forms of enterprise and which positions us to become an even stronger force within Canadian society.

### ***The Co-operative Model: Some Essential Features***

Our first challenge is to strengthen existing co-ops while maintaining their essential character. The co-operative model has as its basis a set of well-articulated principles.<sup>3</sup> The practical application of these principles results in two key features that distinguish the model from other forms of business organization. One unique feature is a system of democratic governance that allows members of the co-op, in a nondiscriminatory way, to effectively direct the organization in accordance with a set of defined values, and to design its business activities to meet member needs. Democracy identifies co-operatives as people-centered organizations.<sup>4</sup> A second defining feature of co-operatives is the approach to ownership of capital, which determines how the wealth generated by the organization is distributed to its member-owners. Capital ownership identifies co-operatives as organizations that retain wealth within local or regional economies for reinvestment in communities and new economic activity.<sup>5</sup> Traditionally, the amount of capital, or equity, that any one member has in the co-operative has no relation to voting control or the distribution of earnings. Initiatives to retool co-operatives or establish new co-ops should focus on maintaining these two distinguishing features of the co-operative identity.

While not implicit in the co-op principles, there is one other compelling feature of co-op enterprise in Canada that has contributed to its past success and which we must recapture for the future. It is a conviction that the whole is greater than the sum of the parts. It is the belief in a shared responsibility between individuals and organizations for the well-being of each other, and that in acting not in isolation but in concert, both individuals and organizations are strengthened.

The development of the credit union system in Saskatchewan provides an example of what is achievable when leaders adopt a commitment to mutuality in managing and directing their co-ops, and an example of what can happen in cases of conflict. Schroeder, in his book *Deposits Fully Guaranteed*, traces the development of Saskatchewan's credit union Mutual Aid Fund, which evolved from the need for credit unions to support each other in the difficult times of the early fifties.<sup>6</sup> He points out that the idea only went forward after support was gained from credit unions and government and also from organizations such as the Saskatchewan Wheat Pool, Federated Co-operatives Limited, and Co-operative Life Insurance Company. Purden, in her book *Agents for Change*, describes how Saskatchewan credit unions came together to bargain with the chartered banks for access to the clearing system in 1958.<sup>7</sup> She goes on to provide examples of co-operative organizations during the sixties working in a collaborative manner for the common good, and one example where relationships were less "harmonious."<sup>8</sup> In the latter example, Co-op Trust chose not to join in a merger with the Credit Union League and the Saskatchewan Co-operative Credit Society. Instead, the trust company chose a direction that brought it into direct competition with credit unions. Ironically, Credit Union Central of Saskatchewan was a leader in rescuing the trust company from financial difficulties in the early eighties. While co-op traditions may be different in other parts of the country, we should learn from this example.

In today's environment of rapid and relentless change, however, it is a natural human tendency to adopt an isolationist rather than a system perspective. This tendency soon becomes ingrained in the organizational culture, and as the millennium approaches, there is a reluctance to give up independence for *interdependence*. In parts of the Anglophone credit union system, precisely at a time when we need to come together and bring our collective clout to bargaining in the market-place, to share the risks of research and development, to gain the economies of combined business volumes, and to present a common public identity, there are still factions that want to "go it alone." No one can blame managers or elected leaders for taking a narrower focus. It makes things less complex, but it will not enable us to achieve our potential.

***Leadership and Membership: Keys for Success***

It is leadership, not just management, that is key to the future. Leadership that is proud, confident, and committed is needed to ensure the future growth of co-ops in Canada. And yet, the pendulum often swings in the other direction, as leaders become apologists, adopting an attitude that co-ops are less sophisticated organizations than private-sector businesses. Confident decision making that demonstrates a commitment to act in keeping with a shared vision, even when the final outcome is not predictable with any degree of certainty, is essential in order to move forward and avoid “paralysis by analysis.” We do need to be willing to take a leap of faith in turbulent times. It was just such a leap that got many co-ops started, and it will take another leap to sustain co-ops in the new economy.

With the complexities of today’s issues, however, it is easy for elected leaders to defer to professional managers as the experts, and to abrogate their responsibility to set the broad directional framework within which decisions are made. There seems to be an obsession with doing business cases prior to bringing the collective judgement of elected leaders to bear on a decision. Caught in this directional vacuum, managers often turn to consultants—who prepare business cases or do some technical analysis—and in so doing, make directional decisions by default. A balance is necessary, and managers must be particularly respectful of the role of elected officials. It is elected officials in consultation with management who establish a vision and set a directional plan. The plan is implemented by developing a business case, and management comes back to the elected leaders if there are risks exposed by the analysis or if other options emerge.

The roles of leader and manager are different, and both are necessary to the successful operation of co-ops and to the building of a strong co-op system. Elected officials have a leadership and overseeing role. Senior managers have a dual role—that of leader and manager. Historically, in Canada, co-op leaders have emerged from both the elected and management ranks. They have been people with a breadth of vision that extended beyond their own co-operative, and an understanding that their co-op needed to be part of a larger system. We need more people with this perspective. Leadership must be developed and nurtured. Investing in our leaders is critical to success, and we would be wise to do so.

We would also be wise to remember that members own co-ops. In many co-ops it is commonly believed that the members have lost all sense of allegiance, conventional wisdom telling us that loyalty is a thing of the past. It is often heard in the credit union system that in these competitive times “loyalty is 1/8 percent.” The example of Surrey Metro Credit Union, however, where members with voting shares voted overwhelmingly to nix a buyout offer from Canada Trust, illustrates that people still place a value on own-

ing their own institution and on keeping control within their community. Other credit unions and co-ops should learn from this experience. People see value in being member/owners, and the challenge ahead is to make it meaningful.

There has been a gradual shift towards focussing on the welfare of the institution and away from the well-being of the member—a loss of “people focus.” The strength of co-ops lies in the relationship they have with their members, and a focus on the member should permeate our co-operative institutions. Members need to feel that the institution cares about their interests and is not treating them as just another customer. Many private-sector companies, in fact, understand the power of making people feel important and wanted. Witness the efforts of the banking sector to develop “relationship banking.” In practical terms, what is needed is a balance between looking out for the member and ensuring the sustainability of the institution. It is not a new challenge, but one that requires the attention of co-op leaders as existing organizations are retooled for the new economy.

### ***Value-Driven Organizations***

It has always been assumed that co-ops by their nature are value-driven institutions. The “Statement of Co-operative Identity” adopted by the International Co-operative Alliance at Manchester, England, in 1995 provides an eloquent description of these values. But in taking our co-ops forward, leaders would be wise not to take anything for granted. VanCity Savings and Credit Union has taken a proactive approach and completed its first “social audit” in 1998. Likewise, Co-operative Trust Company of Canada introduced the “Balanced Scorecard” to evaluate its yearly performance. Included in the scorecard is a weighting for social responsibility. Other co-operatives could build on these and other examples that exist within the system.

By definition, democratically controlled organizations like co-operatives should be governed by elected people who are broadly representative of the organizational membership. This is an issue that co-operatives need to address. In a publication entitled *Proceedings from the Women in Co-operatives Forum*,<sup>9</sup> Carol Hunter of the Canadian Co-operative Association (CCA) documented that men occupy the majority of board seats among the CCA’s member organizations. While there are no statistics available for co-ops across Canada, there is clearly a gender imbalance within the governing structures of our co-ops. Intuition suggests that this may also be true for other groups within the membership base who would be defined as minorities on the basis of language, culture, or ethnic origin. By mandating a nominating committee to seek out candidates who reflect the diversity within their membership, co-operatives can be more proactive in ensuring that their leadership is comprised of people who reflect that diversity.

These two concerns—values and representation—could be described as “soft” and might be easily dismissed by some leaders. However, they do get to the heart of who we are, and failure to proactively address them will alter the image of the co-operative in tomorrow’s society. In the new millennium, these issues may well assume centre-stage, and it would make good business sense to address them sooner rather than later.

### ***Retooling Established Co-ops: Some Examples***

The challenge of change is particularly daunting for established co-operatives. In many instances, it involves rethinking how the co-operative does business. People are impacted by change and are not always supportive of restructuring. On the other hand, both members and employees expect the co-op to provide quality products, services, and working conditions that are competitive with what is available elsewhere in the market-place. Leaders face difficult decisions that affect people’s lives and the future of their communities. They are accused of abandoning their co-operative principles, and yet to do nothing in response to new realities almost surely means the irrelevance of the co-op in a few years. This is the dilemma facing co-operative leadership at a time when the direction taken will determine the sustainability of the institutions. Let us consider two very different examples of how organizations have responded to this challenge.

#### *Saskatchewan Wheat Pool*

First, there is the case of Saskatchewan Wheat Pool, the largest grain-handling organization in Canada. Sask Pool’s history is replete with examples of co-operative innovation and leadership.<sup>10</sup> The world co-operative community knows about Sask Pool and follows its evolution with great interest.

Faced with a change in federal government transportation policy and the entry into the Canadian market of large, international grain-trading companies, the Pool embarked on an initiative to retool its ownership and control structure. It needed capital to finance the rebuilding of its grain-handling infrastructure and to pursue opportunities in value-added processing. The ownership of capital was separated from the member-controlled democratic structure by the creation of two classes of shares. Creating a publicly traded ownership share gave the Pool both liquidity in its capital base and access to capital markets for future expansion. Another class of voting share was created for producer-members on a one-member/one-vote basis. Holders of this voting share participate in the Pool’s democratic system of governance. In order to accommodate the distribution of a portion of the earnings based on support of the co-operative, the Pool replaced the traditional patronage dividend with a marketing incentive—the innovative Ag Share

Program. Depending on the Pool's earnings, holders of the voting shares become eligible to receive either an allocation of cash or ownership shares based on their patronage of the co-operative. Thus, new members and members without investment capital can build an ownership stake in the co-operative, and the owners of capital are not the exclusive recipients of earnings.

This example of retooling has been a hot topic throughout the co-operative world and presents some interesting leadership and governance challenges. The Pool has become a hybrid model or, as some of their leaders prefer to say, "the first publicly traded co-operative in Canada."<sup>11</sup> It is not a co-op in the traditional sense, nor is it structured or governed by the same rules that apply to joint stock companies. It is governed by its own unique piece of legislation. Even though it has retained its democratic character, it will be a significant challenge for the Pool to remain member-focussed. The owners of capital will demand a competitive return, and this could be in direct conflict with the desire of producer-members to direct business in a manner that enhances their welfare in ways other than return on capital. It will be interesting to see if the Pool can maintain its initiative to invest in value-added processing and to make other community investments, or if it will be forced to seek higher rates of return in ventures that are further afield. In any event, more earnings will now flow to the owners of capital, wherever they may reside, and like Surrey Metro, the Pool faces the possibility of having a competitor offer to purchase a majority of its publicly traded shares. But the exercise of democratic rights exhibited by the members of Surrey Metro gives cause for optimism.

Interestingly, the new *Canada Co-operatives Act* and the *Credit Union Act* in Saskatchewan allow for the creation of investment shares, but stipulate strict limitations on the participation of these shareholders in the democratic governance of the co-operative or credit union. Many co-operatives have expressed interest in having the flexibility to raise needed capital from sources other than retained earnings, while maintaining their essential co-operative nature through the democratic control structure. Any change in capital structure, however, must also be evaluated for its effect on the retention of earnings in the local or regional economy. Indeed, this hybrid model may well be the wave of the next millennium, although it may take different forms from the Sask Pool case. In this scenario, strong committed leadership, able to balance member needs consistent with co-operative values, will be the key to successful co-operative enterprise.

#### *The Anglophone Credit Union System*

Another quite different example is the initiative to retool the Anglophone credit union system. With more than eight hundred credit unions in nine provinces, nine provincial central organizations, a national central, and nu-

merous co-operatively owned financial affiliates and subsidiaries that provide services to credit unions, the co-operative financial services sector infrastructure is too unwieldy and fragmented to remain competitive in the new millennium. Couple this reality with an unprecedented desire by the federal government to position credit unions to become more competitive with the large chartered banks, and there exists a window of opportunity for growth, if credit union leaders can agree on a common direction.

There are two schools of thought on how the system should be reorganized. One initiative, led by a group of large credit unions, envisions the creation of a centralized co-operative structure incorporated federally. Local credit unions would be merged into one central organization and become local branches. A multipurpose, community economic development co-operative would be incorporated in each community to replace the local credit union, and would hold community ownership in the new organization. This community co-op would provide the linkage to the community and distribute a proportionate share of earnings in the community.

While this concept provides some attractive organizational efficiency, the advantages enjoyed by credit unions incorporated under provincial legislation would be lost unless the federal government makes special rules for the new institution. Furthermore, the influence that members bring to the operation of a local credit union would be lost or significantly diminished. The absence of a democratic structure rooted in the community creates a risk of losing "people focus," and it appears that earnings, or a portion thereof, would not be distributed to individuals. From an economic development perspective, the centralized structure faces the challenge of remaining sensitive to local needs. The reinvestment of earnings is not sufficient in itself. It is the local operating policies of a credit union that make it particularly effective as an agent for development. It is also conceivable that some provincial governments may not be amenable to losing the local credit union as an essential part of the fabric of the community.

The second initiative, led by Credit Union Central of Canada and supported by the provincial centrals, proposes to consolidate the operations of all the centrals, including the subsidiaries owned by the centrals, and to leave the credit unions as individually incorporated entities within provincial jurisdiction. It further proposes that credit unions could choose either to become affiliated with the newly created national organization through a contract or to remain independent. The affiliation arrangement would stipulate the provision of core services, common branding, and standards of operation. The independent credit union, on the other hand, would be left to obtain services from the national organization or any other supplier in the market-place. All credit unions would be required to hold equity in and manage their liquidity through the new national organization.

This concept has merit in the new "knowledge economy." It maintains

the local credit union as the focal point in providing services to members, and ensures that the linkage to people and community is not lost. Strength is gained through access to an integrated network of credit unions and service organizations with a common vision. The success of this initiative, however, will depend on agreement with that common vision and also with the affiliation contract arrangement. Merging the centrals will provide some cost efficiencies, but the real gain will come from credit unions growing their share of the financial services market. It is through an affiliated network of credit unions offering a common set of core products and presenting a common image that growth will come. Although it will have some influence, this initiative does not deal directly with the local service-delivery issues facing credit unions—issues such as the cost of maintaining the branch infrastructure, or the availability of a full range of services at each location. These issues cannot be ignored and must be dealt with by local credit unions operating in each provincial jurisdiction.

Processes are under way in several jurisdictions to enhance service delivery. A good example is provided by Southwest Credit Union in Swift Current, Saskatchewan.<sup>12</sup> This organization struggled through the amalgamation of two competing credit unions in the same community and then rebuilt member support for the new institution. It is now working actively with other credit unions in surrounding communities to build a regional credit union network. This initiative was borne out of a vision that called for Southwest to be a leader in the region, and was guided by a set of principles that addressed issues of member service, mutual benefit, local autonomy, fair treatment of people, and putting the collective benefit ahead of individual benefit. In a short five years, Southwest has made remarkable progress.

These examples illustrate the challenges faced by credit union leaders as they prepare their organizations for the future. The two initiatives must work to complement each others' strengths and to form a strategic alliance based on trust and mutual respect. A scenario that results in the formation of two competing entities will limit opportunities for total system growth. Think of the possibilities if they could work in concert with each other. It will require courageous leadership to make it happen and to focus efforts on creating a shared vision that sets aside parochial interests. It is a challenge that leaders have not had to face since the inception of credit unions in Canada.

### ***New Co-operative Development***

As these leaders seek to reposition their established co-operatives in the next century, others must be mindful of the need to encourage new co-op development. Given the challenges facing Canadian society, the development of new co-operatives offers exciting possibilities, particularly in areas un-

deserved by conventional business and government organizations, or where deregulation has created gaps. Unlike leaders in the established sector, who are adapting their organizations, leaders in emerging co-operatives are building something new. They are not restricted by years of tradition or an entrenched organizational culture, and hence can be very creative. They are the new pioneers. Established co-ops, once repositioned and strengthened, can play an advocacy role and offer “in kind” resources to assist these new endeavours.

There is growing interest in the creation of new co-ops and in innovative approaches to new opportunities by existing co-ops. The emergence of New Generation Co-operatives (NGCs) in the United States has prompted Saskatchewan to pass an act to allow for the incorporation of NGCs in that province.<sup>13</sup> The CAPS (Co-operative Alternatives for Public Services) project, through a series of roundtables, explored ways of adapting the co-op model to deliver public services. In Québec, funeral co-ops are gaining prominence as a means for people to have access to affordable funeral services. Residents of northern Canada are forming cable and telecom co-ops to avail themselves of those services. And the pending privatization of Ontario Hydro has sparked discussions about transferring the ownership of the utility to its employees and customers, or to existing Municipal Electric Utilities.<sup>14</sup> There are other examples, but the point is, people are taking a renewed interest in co-operative solutions.

People who appreciate the need to act have always driven successful co-op development, but they cannot succeed in isolation. New co-ops will need to forge partnerships and alliances to provide the resources for development,<sup>15</sup> and although this development cannot be driven from the top down by either established co-ops or by government, each has an important role to play. Government does not need to provide capital, except where there may be overriding public policy objectives (housing, health, childcare, for example) and there is no opportunity to generate profit, but it can provide resources targeted at facilitating and supporting the development of new co-ops, much as it does for private business. Even in these situations, care should be taken not to create a dependency relationship. With commercial ventures, good ideas and thoroughly researched proposals will find capital. For their part, established co-ops can provide advocacy and technical expertise. Making representation to government and the general public on behalf of emerging co-ops, and creating awareness about the need for new co-op development are important advocacy roles. And technical assistance and mentoring would certainly help ensure the success of new co-ops.

In short, Canada must seize the opportunity to expand the role of co-operatives as an instrument of public policy. As government faces significant challenges in delivering services to rural and remote areas, in dealing with the increasing number of urban poor, and in developing a counterbalance to

large firms in the commercial market-place, co-operatives represent a real option. Furthermore, as government changes the way it operates by entering into partnerships to achieve economic and social objectives, the participatory and democratic model of co-operation makes perfect sense. It builds alliances and networks that give people some influence over their lives and the evolution of their communities. Given these clear advantages, the new millennium is ripe for a flurry of co-op development.

### ***Building the Co-op Network***

This brings us to the final challenge facing the co-op system: to establish a national and international co-operative network that links existing co-ops and supports new co-op development. Ironically, one of the biggest challenges confronting the co-operative system is the creation of a culture that values “co-operation among co-operatives.” One of the ICA principles states that “co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.”<sup>16</sup> Our co-op sectors have, over the course of their history, drifted apart to the point where, at the close of the century, they are operating in considerable isolation from each other. This is by no means universal, and examples of collaboration do exist, but mainly within sectors. The merger of Alberta Wheat Pool and Manitoba Pool Elevators to form AgriCore, some joint ventures in the credit union system, the alliance between Sask Pool and the United Farmers of Alberta, the establishment of Credit Union Insurance Services by The Co-operators and CUMIS, and the formation of AgriFoods International in the western Canadian dairy industry, are leading examples. But more can, and needs, to be done. Witness the intrasystem competition that still exists in the credit union system, the western grain-handling system, the western farm petroleum business, and the dairy industry. In a world where people and institutions are becoming more interdependent, surely it is folly to believe that co-ops can reach their potential by competing directly with each other rather than partnering to gain a larger market share together. Through interconnection, co-ops could become part of a much larger system<sup>17</sup> that would position them to operate more effectively in the new economy.

### ***Strategic Alliances***

Working more closely together does not always mean merger or amalgamation. Holmlund and Fulton<sup>18</sup> present an argument for networking through the creation of strategic alliances, arguing that networks provide the business efficiencies and clout of being part of a larger whole, while maintaining connections at the local level. This interconnectedness, which combines

local autonomy with access to ideas and resources, will be a key to success in the new “knowledge economy.” To illustrate their argument, the authors document several examples of successful alliances. Co-operatives could well benefit from adopting this network approach to their business.

*Collaboration*

Another often-overlooked opportunity is closer collaboration between the Anglophone and Francophone co-op movements. Desjardins and Agropur are two of the largest co-operative organizations in Canada. They and others can bring a great deal to a strategic co-operative alliance in Canada. This is no small idea, but one that could reap enormous benefits for co-op members from coast to coast to coast.

*Thinking Internationally*

It will also be important for co-ops to think of networking internationally. Large multinational companies have built-in networks of subsidiary operations throughout the world, which allow them to move product, people, and capital around the globe with relative ease. Co-operatives, on the other hand, do not enjoy the same advantages. However, co-operative enterprise exists in most countries, and there is growing interest in building international co-op connections. This offers one of the truly exciting opportunities for growth and development in the new millennium: a vision of a world characterized by a dynamic network of co-operatives that “act locally and think globally.”

*The Canadian Co-operative Association*

The Canadian Co-operative Association, through its national and regional presence, has a vital role to play in strengthening the co-op network at home and abroad. It is the one organization that can provide the common table to bring co-operatives together and challenge them to consider the opportunities that exist beyond their own parochial interests. It can provide leadership and be a catalyst for new co-op development in the domestic and international arenas. Unlike other development agencies that are focussed on specific forms of development assistance, the CCA brings a multitude of resources and varied expertise from many different sectors to meet a broad range of development needs. For CCA members who are thinking globally, this creates an opportunity to develop human resource capacity with a world perspective within their own organization.

In preparation for the new knowledge economy, CCA is building an information clearinghouse for co-ops in Canada and worldwide, which will give CCA members the capacity to work together more effectively and func-

tion as a network. The activation of Business Co-operation International (BCI) will facilitate commercial linkages between Canadian co-ops and those in other countries.

The government and public policy unit within CCA keeps members informed of developments within the federal government, provides support to regional government affairs programmes, assists in developing a co-op perspective on important public policy issues, and works with staff of member co-ops to attain access to federal officials.

And finally, the CCA is building effective partnerships with le Conseil Canadien de la Coopération (CCC), our Francophone counterpart, with the Canadian government through the Canadian International Development Agency, and with co-ops worldwide through the International Co-operative Alliance and partners in more than twenty countries.

### ***Creating a Co-operative Future***

Now, more than ever, it is imperative that we recall our unique co-operative identity. We have a proud legacy and a bright future. Let us not remain simply "one of the best kept secrets in the land." Co-operative enterprise, which has played such a significant role in the success of Canadian society, can become an important force for the well-being of community and the welfare of the individual in a turbulent world. To realize this potential, we must meet the threefold challenge posed by this paper: to retool established co-ops, while preserving their essential character; to develop new co-ops in areas that are on the margins of society; and to establish the co-operative network that links them together.

Co-operative leaders have a huge task ahead of them. It involves some considerable risk but it could make a real difference in the everyday lives of people both at home and abroad. Co-operative pioneers dared to dream of a better world for themselves, their children, and grandchildren. Their efforts built a strong co-op presence in Canada. Our past successes form a firm foundation; let us build upon that for the future. Let us remember who we are. Let us be the visionary leaders for our times. Can established co-ops be retooled to grow and flourish in the new millennium? Can the co-operative character be retained? Can new co-ops be formed? Can effective co-op networks be set up? It is possible. It is time once again for no small ideas.

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