

*member benefits*  
*democratic*

*community*

*education*

**Co-operative Heritage**

Where We've Come From

BRETT FAIRBAIRN

January 2006

*autonomy*

*participation*



UNIVERSITY OF  
SASKATCHEWAN

Centre for the Study  
of Co-operatives

## **Co-operative Heritage**

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# Co-operative Heritage

## Where We've Come From

*Reflections on Co-operative History  
on the Occasion of Saskatchewan's Hundredth Anniversary*

BRETT FAIRBAIRN



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University of Saskatchewan

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## **Land and Environment**

**I**F YOU WERE STANDING on the site of Saskatoon's Centennial Auditorium a hundred years ago, you could have witnessed the collision of two worlds. East, towards the river, were the railroad tracks and the dusty, nailed-together shacks of a tiny outpost of the global economy. It was a frontier town whose function was to funnel in settlers, equip them and supply them, and funnel out the commodities they produced from the prairie soil.

If you turned and looked west, you would have been facing the grasslands. Early settlers were just scratching its surface. There would still have been patches of midgrass prairie, waving in the wind, dotted with flowers and with birds. Shortly before, it had been a sea of grass as far as the Rocky Mountains.

Co-operatives were born out of the collision of different worlds: the world economy and the prairie landscape, the global and the local, the modern and the community, markets and values. Here, in this place, more than most, the land and the environment compelled co-operation.

### **Lessons of the Land**

The First Nations people, who had lived here since time immemorial, had learned the lessons of the land. They co-operated in the vast bison hunts of the summer, and in winter camps, at places such as Wanuskewin. They caught fish and animals together, they collected and gathered, they manufactured and processed. In great gatherings of their extended nations in the summer, they made alliances, built friendships, and conducted trade that extended over thousands of kilometres.

More recently came the Métis, who mixed Aboriginal understandings and knowledge of the land with European culture and technology. The Métis settled at places like Batoche, their river lots fronting the water, a church at the focal point of their community, and they ranged and hunted on the open prairie that surrounded them.

Those peoples were adapted to this environment. They had adapted through co-operation.

The settlers who came here were very different. Some came in block settlements of an ethnic or religious group, but many came as individuals or very small groups, people or families looking for a new life. For them, the government cleared the land by signing treaties, surveyed it, carved it up into neat geometric slices: quarter-sections of 160 acres, sections a mile on a side, grid roads every section or two east and west or north and south. The settlers were plugged into that grid, pigeon-holed, a family to a quarter section of land. The land they got for free. When you think about it, this was an immense redistribution of resources. The settlers had to pay a fee to register, had to live on the land, had to improve it. With sweat equity they could each earn the right to keep their quarter section, and maybe get another one.

Think for a moment about that early settler society. Think about the First Nations and Métis societies. Which ones were more characterized by co-operation? The answer is obvious, and that is why the settlers had to invent co-operatives. They needed a mechanism for individuals to work together, a mechanism consistent with a market economy and with a society of rational individuals. Co-operatives were the individualists' answer to the challenges of the prairies.

### **Aridity, Distance, and Capitalism**

Two physical facts, above all, shaped the lives of the settlers: aridity and distance. When combined with a capitalist market economy, these physical facts created special kinds of challenges for farmers. The prairie climate was marginal for commercial crop growing, but with dryland farming techniques pioneered in the American West and with the optimism of late

nineteenth-century technology and faith in progress, Canada believed this environment, even the driest areas, could be filled with prosperous farms. Settlers would improve the land and themselves through hard work and sturdy self-reliance. They would become model citizens epitomizing the civilized values of the British Empire.

Prairie settlement was a Utopian project, an exercise in wishful thinking and social engineering based on an ideology of individualism. It went wrong almost immediately.

There was no glorious heyday of settlement. Things were hard from the day the settlers first arrived. Most who tried to farm here failed, gave up, moved on to other things. It was worst in southwestern Saskatchewan and southeastern Alberta, where farmers were wiped out by drought and dust and poor prices within ten years, before the First World War began. Rural depopulation started even before settlement was complete, before the new provinces were created.

The settlement pattern was out of step with the environment. The communities settlers were building were out of step with what the market would give them. This wasn't the only way settlement could have happened. Families didn't have to be scattered uniformly over the landscape, stuck on plots that might be good or poor, isolated from their neighbours. This wasn't how the Métis settled, at places like Batoche. Following them, we might have had towns and cropland fronting on water sources, open rangeland on the dry areas in between. The idea of the rectilinear grid, of citizen-settlers self-reliant on their individually owned land, was part of a Utopian ideology of the time. Rural people have been paying the price of that ideology for four generations of rural decline, depopulation, and adjustment.

Those who weren't wiped out quickly developed characteristic grievances. Prices fluctuated for what farmers sold, while they resented the prices they were charged for goods and services, for seed and feed and machinery and supplies. Infrastructure was poor, so that farmers were each dependent on a few shipping points, a couple of elevator companies, a single rail line. Monopoly and oligopoly and predatory pricing were realities of life. The government in Ottawa was far away. It had its own priorities,

including keeping the railroads and grain companies and banks happy, since they were essential to the settlement project. Farmers criticized all the political parties as self-absorbed, hostage to special interests, lacking in national vision, unaware of ordinary people, plagued by scandal and corruption and patronage.

Settlers could not hope for meaningful relief from any outside agency. They had only their own resources, and they needed to work together. Like people around the world who have been in similar situations, they discovered co-operatives.

## Co-operatives and Globalization

**I**N MAKING THE CHOICE to create and join co-ops, people here were joining millions of others around the world who had already done so. In fact, wherever the market economy spread, wherever countries attempted to modernize or industrialize, co-operatives sooner or later appeared. And as in many other parts of the world, the emergence and development of co-operatives was driven by inequities of social class, of race and ethnicity, and of gender.

In Canada, co-operatives began with miners, working people who brought with them and developed traditions of solidarity and collective interest. In remote frontier communities, they developed co-operative stores to fight the company monopolies. The first was in Stellarton, Nova Scotia, before Canada was even created. From there through northern Ontario and west to the Rockies, co-operatives followed the spread of industry.

Farmers followed the miners, not only here on the prairies, but right across Canada. Rural producers faced distinct challenges in an industrializing economy: growing concentration of ownership, vulnerability to commodity-price declines, a sense that urban interests were beginning to predominate. The farm movement in the early twentieth century resem-

bled a kind of “farmers’ trade unionism,” and like the trade unionists of the day, farmers tried to band together to form the biggest, strongest organizations. On the political side, farmers’ organizations formed the governments of Ontario, Manitoba, and Alberta, and constituted tremendously powerful interests in Québec and Saskatchewan.

These strong political organizations were complemented by centralized marketing organizations, epitomized by the pooling movement of the 1920s, as farmers strove to create the biggest, most centralized co-operatives they could. That line of development was cut short by the Great Depression of the 1930s, which forced co-operation back onto its community roots.

People of particular religious and ethnic backgrounds also banded together in co-operatives, and no group more so than French-Canadian Catholics. Undoubtedly the most famous Canadian co-operative leader was Desjardins, the House of Commons clerk and social conservative who introduced credit unions to Canada and the United States. Desjardins saw in his *caisses populaires* a means for small communities to preserve their livelihoods, religion, culture, and values in a modernizing world.

Credit unions came late to Anglophone areas of the country and illustrate the global nature of co-operation. They were a European idea adapted by Desjardins, adapted again in the United States, and adapted in new ways once more when they were re-imported from the US into Canada — popularized, famously, by Coady and the Antigonish Movement in Nova Scotia.

Saskatchewan’s first credit union was founded by the Jewish community in Regina in 1937. It helped finance the immigration of refugees from Nazi Germany. A year later, the first rural credit union in this part of the country was founded by a small-town French-Canadian businessman in Lafleche, who — as a businessman, mind you — did not like what the lending policies of the chartered banks were doing to his small town.

By the 1930s it was clear that the strong co-operatives were the ones that were closely tied to local places, the ones that were embedded in the lives of people.

After the midtwentieth century, many more co-operatives followed the successful stores, agricultural co-operatives, and credit unions. When public-spirited citizens were fighting for universal health insurance and health care across Canada, they turned to health co-ops in the 1960s as a way to achieve their goals. When Inuit communities in the Arctic had to develop new communities and new infrastructure and services, they worked together in co-operatives to do it. When Canadians sought affordable, mixed-income urban housing, they developed thousands of housing co-operatives from coast to coast, in partnership with governments — the largest co-op development initiative of recent times.

People formed utilities co-ops, worker co-ops, funeral co-ops, childcare co-ops, information technology co-ops — countless types of co-operatives, all flowing from those early models and examples. Ten thousand of them still exist, while many others have vanished: co-ops that failed or were no longer needed.

It is interesting to examine the ingredients for success of those that made it. Society is constantly changing. The economy changes. Needs change. Members change. How co-ops deal with change is fundamental to their existence and to their survival.

Co-ops that got off the ground did so because people needed them and found the right formula for working together. The ones that survived and thrived were those that changed over time to keep meeting needs. The survivors did not stay the same; they did not leave their members behind. It was usually a bad sign when you could see a co-operative not changing, trying to stay the same over many years. It was a worse sign when you saw one trying to change too much, too quickly. Long-lasting co-ops changed along with their members, in a co-operative way. They followed where their members were going, or they brought their members along with them, and they stayed connected. They changed steadily and gradually, as they needed to and within the limits of their resources, learning to do new things.

Like all organizations, co-operatives had to work with what they had, resources as well as limitations. For co-ops, one of the most important re-

sources was the members and their identification with the co-operative. Co-ops needed all kinds of members in order to succeed. An example of this is the important role that women played in the success of early co-operatives, especially the consumer types, the stores and the credit unions. Women made patronage decisions and their loyalty and support were crucial to the survival of early co-ops. They formed women's guilds and other support groups to recruit members, to educate the community, and to do public relations for the co-ops. Often they made up a large part of the staff. How many early credit unions were managed by women, just as the very first one in Lévis, Québec, was managed by Dorimène Desjardins when her husband was away?

If you think about co-operatives compared to the other economic organizations that then existed — businesses, government services, trade unions, you name it — one of the striking things is that women had more of an opportunity to make a difference in co-operatives than they did in other institutions of those times. This is an example of how co-ops mobilized people whose talents and potential were neglected by society as a whole.

Just as in other countries around the world, the people who turned to co-operatives in Canada included people of small-to-middling means who were marginalized in their society: members of ethnic groups, inhabitants of remote regions and rural areas, employee groups, women, small producers, and so on. Aboriginal people and the very poor experienced the most exclusion, partly because these groups were hampered from participating in the modern economy where co-operatives were situated. But many people did work together in co-ops. This was at a time when it was not common for Catholics and Protestants to work together, or for people of British ancestry and East Europeans to mix. Co-operatives were one of the ways in which they did so. It comes back to the way that people were forced to work together to achieve the benefits they all desired. Individuals *had* to become communitarians.

It is undoubtedly true that people made co-operatives. But it is also true that co-operatives made people.

## People

**W**HY DID SO MANY CANADIANS invest so much effort over so long a time to create so many co-operatives? And how did the experience change them?

Of course co-operatives offered many practical benefits that were very important to family pocketbooks. Without providing practical benefits in economical ways, co-ops could not have thrived. Without generating surpluses, they could not have become self-sustaining institutions. But one of the peculiarities of co-operatives is that people have to work together first to get benefits later. How did the first generations of co-op founders manage to work together long enough for their co-operatives to have a chance to get established? And why, when co-ops got into trouble or had to make adjustments, were members patient, supportive, and vocal enough to help their co-op adjust and get it back on track?

One answer is that they didn't always work together, they weren't always patient, and the co-ops didn't always make it. Where co-ops had a chance, it was often because the people involved could take a leap of the imagination and see past the rocky and uncertain stages to realize what their co-op might become and might do for them. At some critical point, members and leaders were capable of abandoning short-term concerns and realizing what they could accomplish in the long term if they worked together. At least once in every co-op's history, it took a leap of faith. What made people ready to do that?

Experience was part of it — sometimes bitter experience, even anger. People had to realize that things were not going to work out otherwise, that things were wrong that were not going to change: their factory was going to close; their town was going to decline; the services they thought were fair were not going to be provided. Then, they were ready for co-ops.

They had to discover that big businesses weren't going to serve them in the ways that mattered, and that big governments weren't going to rescue them.

Often, in the history of co-operatives, education worked together with experience. People needed to have an abstract understanding of why the economy worked the way it did before they could understand why a co-op would help them. The early stages of many co-ops were assisted by leaders, extension workers, or members who could talk to people about economics and society. Often, this talk was informal. You may have *thought* they were just gabbing on the fishing boat, the assembly line, or in the coffee shop, but that was *co-op education* happening.

Socialization was important, too. Despite the seriousness of what they were doing, people had *fun* when they built co-ops. They celebrated. They socialized. They networked. They turned co-ops into community events. They worked with the social cohesion of existing communities, but they also built cohesion, built community among the members, as they went along.

Co-ops didn't just reflect communities that existed; they were community builders, not simply because they chose to be, but because they *had* to be if they wanted to succeed as organizations. All else being equal, the co-ops that survived were the ones that reinforced and developed a sense of community and identity among members.

Along with experience, education, and socialization, the other ingredient was that co-operatives stood for something. People became committed to co-ops because co-ops *mattered* to them in ways that went beyond short-term economics. Co-ops were related to their *values*.

Democracy is central to co-operatives, but not necessarily just because people are excited to cast votes. Democracy stands for a set of values, among which the most important is respect for the dignity of ordinary people, followed closely by its corollaries, belief in equality and fairness. These values appealed to people, precisely because they were so widely proclaimed and so little observed in society. People saw in co-operatives a form of business that was more compatible with their values than were the con-

ventional alternatives. In other words, people not only received practical benefits from co-ops; they *felt good* about receiving them. What was good for them, their neighbours, and their communities was also a good fit with their values and their sense of who they were.

Experience, knowledge, socialization, and values: there are four major explanations for how Canadians became co-operative, why co-operatives overcame their initial difficulties and multiplied across the country, and why they have survived through adversity and prosperity to the present day.

## **Transformative Engagement with Development**

I WANT TO RETURN FOR A MOMENT to the idea of development. Without being overly negative about it, we need to fix our attention on the fact that development has often failed — failed for particular groups, failed for whole regions, failed *period*. There is nothing inevitable about progress.

People have struggled with the two-edged character of development. It settled the prairies, but also depopulated them. We have spent the whole of this province's history trying to reconcile our social and economic systems with the place where we live. But the problems were not only in Saskatchewan. Development colonized the North, too, just as it did far-off countries around the globe. Development de-industrialized the Maritimes. Development threatened the cultural survival of Francophones in Québec and elsewhere; it marginalized and excluded groups even in times and places of general prosperity. Canada is a rich and peaceful country, and yet, even here, the history of development is a history with glaring failures. This unites us with other parts of the world where development has been even more problematic.

Co-operatives are one of the things that people try when development fails — when, despite the efforts of business and government, needs are not met, economies are not sustainable, communities suffer. Co-ops offer ways to engage with development, to undertake business in a different way, and to ensure that people’s needs are met. This is what I meant at the outset when I said that co-operatives arise when worlds collide — when the market ignores needs; when value systems of communities and of the market are in conflict. That’s how co-ops arose, not only in Saskatchewan and in Canada but in countries around the world.

So what can we learn from history?

Co-operatives are tools that allow individuals and individualists to work together in modern economies. They are part and parcel of globalization. They developed to deal with its consequences. They spread internationally. They developed here, much as they did elsewhere. They are unique in their particularities and universal in their extent.

While co-ops are practically focussed, there are, at key moments in their development, leaps of faith required of their members and leaders. Those leaps of faith are easier, and co-ops tend to survive, when members are experienced and knowledgeable about the economy, when they are cohesive as a community, and when they know how the democratic values of co-operatives speak to them as individuals and groups.

I recently listened to an Aboriginal speaker who talked about the Aboriginal view of time. He said that people walk backward into the future. Our past constitutes the totality of what we can truly know. It is spread out, before our eyes, and with it in front of us, we march the other way, into the unknown.