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CONSUMERS' CO-OPERATION IN CANADA

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by

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PREFACE

Co-operation is one of the important problems which is today being discussed by many well-informed groups in Canada. Because of the copious supplies of information being printed about foreign developments in this field, students of economics as well as statesmen are becoming more than interested. The recent commission authorized by F. D. Roosevelt, President of the United States, to investigate European Co-operatives with a view to further establishment in his country, is a case in point.

The study which is attempted below may in no way be considered full or faultless. The lack of comparable statistics and the confusion arising from the divisions between producers' and consumers' figures, are examples of the difficulties to be faced by the writer on this subject.

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CHAPTER 1

Meaning and History of Co-operation

The word co-operation is one which is becoming more familiar to Canadians every day. During the economic stress of this last depression the common people have been alive to all schemes which might better their condition. Articles about co-operation are becoming more numerous in our daily publications and magazines; university and educational groups are becoming interested and including the study of co-operation in their courses.

The word, itself, means working together but this definition is quite lacking when co-operation is used to designate a commercial or industrial system. Mr. C. R. Fay gives a very full definition when he says: "A co-operative society is an association for the purpose of joint trading, originating among the weak, and conducted always in an unselfish spirit, on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association."⁽¹⁾

In this quotation, we find many important points to be noted. In the first place a co-operative society is an association for joint trading, that is to say, the members of the society are also its traders and customers. In many cases even the employees are members of the business. This joint trading may take the form of consumers, producers, or credit co-operative societies. These forms of co-operation have attained varying success in different countries and in Canada^a predominant part has been played by the

producers' or marketing societies. It is our purpose, however, to confine ourselves entirely to the field of consumers' co-operation, discussing marketing agencies only so far as they influence the former.

Secondly, it is an established fact that only those co-operatives which start among the economically weak or poor are successful. The members must be vitally interested in the welfare of the society if it is to succeed. Innumerable societies have been founded by philanthropic movements, but have all been failures due to the lack of interest shown by their members. Enterprises which are initiated among the well-to-do tend to become capitalistic organizations after a short period. Co-operation is a factor which gives the individual consumer⁽²⁾ his most potent defence against the monopolist. Thus, we see that co-operative organizations should not be initiated from the top downwards, but should be the result of an association of the poorer classes of society.

Thirdly, a society must be conducted in an unselfish spirit. This idea is in great contrast to the standards of profit business. One must really meet an ardent co-operator to realize the fervour of this co-operative spirit. He puts the welfare of his store first, before the well-being of the individual. The motto of the English Co-operators, "Each for all and all for each", adequately defines this spirit of unselfishness.

Fourthly, the main duties of a member consist of culti-

(2) H. Michell - The Co-operative Store in Canada - Queens Quarterly - January, 1916 - Page 319.

vating this spirit of union and loyalty to the association. Loyalty of the members of a consumer's society is shown by their purchases.

The fifth point to be noted is that all members may share in the profits in proportion to the degree in which they make use of their association. This is, perhaps, the most distinguishing and fundamental characteristic of all consumers' societies. All the net profits after reserves are provided for are divided in proportion to the purchases of the members. Here we can plainly see the chief difference between co-operative associations and ordinary profit business. Profit business cares nothing for the welfare of the consumer. Its main duty is to provide suitable returns for the shareholders, and to effect this result production is often curtailed in times of need. Co-operative business, in the last analysis, is not business for profit, although it is true that the dividend has been the most powerful force in its climb to popularity. We must admit that profit is made by co-operative societies since they sell at ordinary prices. This profit is not divided wholly among the shareholders, however, but is returned to the consumers in proportion to their purchases. Thus, the consumer, although he pays a price for an article which gives the society a profit, in the end recovers this profit in the dividend. Because of this round-about method of decreasing prices and eliminating profit, co-operatives are able to "Produce for use" and not for selfish gain.

The principle of giving dividends to purchasers was

first put successfully into practical use by the Equitable Pioneers of Rochdale in 1844. Today most of the successful consumers' co-operative organizations are based on the system inaugurated by these Rochdale Pioneers. The essentials of this system included:

- (1) Open and democratic membership.
- (2) Democratic control.
- (3) Dividends on Purchase.

The first of these excluded all restrictions on the race, politics, and denomination of the members. The only hindrance to membership was the payment of a fee, to be used as capital for the business and to receive a fixed and low rate of interest. Secondly, the principle of "one man one vote", was adhered to in order to assure democratic control. Lastly, by a dividend on purchases it is claimed that the profit motive was banished from co-operative business.

Some economists go further and say that the co-operative method is an inauguration of a new system of the division of wealth because it enables the consumer to retain all the profits of business. To offset this attitude, others claim that that co-operation is just as selfish in seeking profit as any other profit business. The co-operative method may be selfish in that it seeks to acquire a large trade, but it cannot be charged with being selfish for its own welfare. It is selfish only for the well-being of its members, and this automatically brings about a spreading of selfishness over its whole membership and thus, more equitable distribution of wealth.

Charles Gide, of the University of Paris, says, "Co-operation, therefore, means nothing less than an economic system destined to supersede capitalism by mutual aid, by one more like the

(3)
 earlier "domestic system". - This attitude, although the subject of many popular books, can hardly be accepted for many reasons. Co-operation does not do away with capital. Of course, capital is relegated to a place of minor importance, but every society must have capital to start and interest must be paid on this capital. Secondly, although the co-operative method has been in practice for almost one hundred years, it has not replaced the capitalistic system, nor even made any serious impression upon it. Thirdly, co-operation could never successfully operate all types of industry and business. Lastly, co-operation has successfully operated in capitalist, fascist, and communist countries without changing greatly its form of organization. It is hard to believe that a system which can go hand-in-hand with these three types of political philosophy, might ever replace them.

Co-operation is not really a new economic system, but merely an innovation created by the wrongs of the present system. It was devised by the poor to help the poor to satisfy their needs. In all cases, when philanthropists have attempted to set up societies for the poor, the end has been a failure. "Co-operation draws together those weaker members whose business interests are homogeneous; and solidifies this homogeneity in the form of a business association".⁽⁴⁾

(3) Gide - Consumers' Co-operative Societies - Page 8.

(4) C. R. Fay. "Co-operation at Home & Abroad" - Page 349.

CONSUMERS' CO-OPERATION IN OTHER COUNTRIES

CHAPTER 11

Great Britain

Great Britain may be regarded as the birthplace of co-operation. As early as 1670 its rudimentary forms were established in a London storehouse by one Thomas Firmin, which supplied corn and coal to the poor at cost price.⁽¹⁾ In the seventeenth century, John Bellers (1674-1725) taught that extra savings were possible through communal housekeeping and associated industry.⁽²⁾

The evolution of co-operation was very slow until mechanical inventions, mass production, overcrowding of cities and impoverishment of the poor, which accompanied the industrial revolution, aroused the downtrodden workers.

The period of hardship engendered by new inventions moved a body of Scotch weavers in 1769 to join together to buy and sell food at wholesale to their members. This movement spread rapidly and one of these societies started at Lennoxton in 1812 is still in operation today. While these societies sprang up in many urban and rural districts, they were mainly clustered around the overcrowded manufacturing towns.

About this time Robert Owen, known as the father of co-operation, began his experiments at New Lanark. His idea was to let the workers own the machines but he presented no satisfactory means by which to accomplish his ends.⁽³⁾ His humane

(1) Mercer - Towards the Co-operative Commonwealth. Page 15.

(2) Ibid - Page 15.

(3) Ibid - Page 13.

methods at New Lanark brought him success and riches, but his co-operative attempts were quite fruitless. The reason for this failure are seen in the philanthropic nature of his organizations, and in the fact that he emphasized ownership by the workers and disregarded the fact that workers are also consumers.

Dr. William King, an ardent reformer, was another of the great prophets of co-operation. He also wanted the workers to own the machines but he tried to establish a practical method of acquiring this ownership. As the editor of the monthly journal "The Co-operator" he was able to circulate propaganda for the movement. Under his inspiration many societies were started before 1830.

From 1830 until 1844 there was a distinct lull in co-operative expansion, but in the latter year, in the stress of the "hungry forties" the Rochdale Pioneers opened up their famous store. The amazing success of consumers' dividends spread like wildfire, and from that date consumers' co-operation was firmly established in Great Britain.

In 1863, due to the demand for cheaper and better goods, the various consumers' societies established a Wholesale Society in the north of England based on the Rochdale principles. Its success led to the formation of a Scottish Wholesale four years later.

Under the guidance of William Pare, a national co-operative congress was called together in 1869 at which such prominent men as J. S. Mill, Louis Blanc and John Ruskin

(4)
 were present. The outcome of their discussions resulted in the formation of the Co-operative Union Limited, which was given the authority to certify the legitimacy of individual societies and to give unity and direction to the co-operative movement.

In 1867, the field of insurance was invaded by the Rochdale Society and ultimately, after being absorbed by the Co-operative Wholesale Society, the Co-operative Insurance Company became a rival of the greater English companies. A banking department was opened by the Co-operative Wholesale Society in 1882, which supplied credit to the member societies. By gaining control in this way the Co-operative Wholesale Society determined the future path of co-operation in England. (5)
 Ever since that time Great Britain has had a predominance of consumers' co-operatives. The Co-operative Wholesale Society soon widened its field to become, not only a buying, but also a producing agent as the demand for more and more articles became insistant.

In 1880 the private traders began to oppose co-operation more fiercely. (6) Boycotts were common and leaders lost their seats in parliament because of their co-operative connections. The movement weathered these attacks nobly, however, and perhaps avoided heavier struggles through their mild attitude towards the privileged classes.

Before the end of Queen Victoria's reign, co-operation had overrun the whole country. The Co-operative Union through

(4) Ibid - Page 67.

(5) Ibid - Page 72-73.

(6) Ibid - Page 83.

"missionary" activities had established societies in several
 (7)
 "co-operative deserts". London was invaded and has today become the greatest co-operative centre in the world. Ireland also proved a fertile land for the spreading seed of co-operation, but her agricultural economy was more suited to producers' societies, which prospered under the leadership of Sir Horace Plunkett (1854-1932).

The Wholesale Societies of England and Scotland, under such leaders as John Mitchell and William Maxwell, advanced by leaps and bounds. They entered many industries to combat combines and to give the people unadulterated goods. They acquired a tea business and even went so far as to purchase tea plantations in Ceylon and India. Today, the Wholesales are the largest tea importers in Great Britain. Their honesty resulted in establishing the hitherto unknown practice of selling articles at net weight. Co-operative education was begun and as many as 3200 students were enrolled in 1900. In that year altogether £70,000 were expended on
 (8)
 education and social work.

Between 1900 and 1914 the membership of the English societies rose from 1,793,167 to 3,053,700. In the same period the capital invested was almost doubled, while the sales
 (9)
 leaped from £55,000,000 to £88,000,000. Stores were centralized and many new industrial fields were entered. The retailing of milk, cafes, laundries, hairdressing, and even

(7) Ibid - Page 87.

(8) Ibid - Page 104.

(9) Ibid - Page 116.

house building were carried on by the blossoming movement. The Co-operative Wholesale Society acquired factories in Australia and West Africa as well as wheat elevators in
(10)
Canada.

Although harassed by taxation and adverse government legislation during the war, the co-operative societies more than held their own. For a short time, they performed a commendable work for their country by stemming the tide of rising prices, and war-time inflation, which had been initiated by profiteering businesses. They kept their prices at cost long enough for the price structure to steady and right itself. By 1918 the total membership had risen to almost 4,000,000 with sales of £249,000,000 and a banking turnover of £324,000,000. In 1918 due to unfair treatment received from the government during the war, the Co-operative Union entered the political field. In that year a member was elected to the House of Commons and since that time there has always been co-operative representation on that body.

Today the co-operative movement of England is centred around London. One society there has a membership of 580,000 and a sales turnover of £12,000,000.⁽¹¹⁾ The increase of co-operation has shown no tendency to abate in England. The Enrollment of societies has increased from 4,900,000 in 1925 to 7,200,000 in 1935. In the same period sales have risen from £183,000,000 to £207,000,000. The stores are now bright

(10) Ibid - Page 121.

(11) Ibid - Page 166.

and modern and great strides have been taken in improving advertising and publicity. There is no doubt whatever that co-operation is one of the greatest factors in the present day English economy.

Consumers' co-operation has not confined itself to Great Britain alone. The International Co-operative Alliance has affiliates in over forty countries, which have almost one hundred million members. This alliance is striving heartily to overcome national barriers and bring a closer economic unity to the world.

Outside of Great Britain the strongest developments are found in the Scandinavian countries, Sweden, Denmark, Norway, and Finland. In Sweden the movement has gained prominence through its successful breaking of combines in several industries, notably the electric light, overshoe, margarine, flour, and fertilizer businesses. About thirty percent of the population is served by these societies, which also carry on wide educational services.

The movement in Denmark is outstanding through its folk-schools. These schools have raised the culture of the people to a high level and at the same time have spread much co-operative propaganda. Today, Denmark is next to Russia in regard to the predominance of co-operation. (12)

Norway has advanced with her sister countries in the movement, but her success has been dimmed by the introduction of politics and thereby a split in the organizations.

The movement in Finland has developed comparatively well

in proportion to the above countries. A feature of her organization is the division into strict sections of the types of society. A producers' society may not deal also as a consumers' society. Besides this, each organization is given a defined territory, in which it may operate. These restrictions are designed to eliminate quarreling.

The political character of the movement, predominant in Belgium, differs from that of other countries. Bakeries are the basis of their operations and through their agency members are kept in daily touch with the movement. ⁽¹³⁾ So strong have these societies become, that they are able to borrow working capital from members by means of advance payments. The movement in Belgium started in 1880 and was held back by political antagonism until advocated by the united socialist school and workmen's party.

In France the first attempts were made in producers' co-operation. Development of the distributive societies was slow until 1885, but since then they have advanced rapidly. Today co-operation is organized in France along the same lines as in England.

In Germany the movement began with banking and Credit Unions organized by Raiffeisin and Schulze Delitzsch about 1850. In 1920, however, her distributing organizations were outstripping even those of Great Britain both in efficiency and numbers. ⁽¹⁴⁾

Russia has installed co-operation as an institution of

(13) Ibid - Page 21.

(14) Ibid - Page 28.

the state as an agent for furthering its policy of production for use and not for profit. Surpluses, if any, are devoted to some public object and are not returned as interest or dividends to the consumer. ⁽¹⁵⁾ On the strength of this, it is debatable whether or not these are true co-operative societies.

The organization is based on the same plan as the government with a hierarchy of soviets from villages, rayons, cities, and provinces, under a central planning board or centrosoyus. For these societies a plan is followed, both in production and extensions each year. In 1934 there were 45,000 of these societies with over 160,000 branches and 73,000,000 members. ⁽¹⁶⁾ In that year the educational service reached 70,000 students. Over four thousand of these societies have their own farms. Over seventy percent of the retail trade of the union is done by co-operative societies. Thus, we see that co-operation may adapt itself very efficiently in a socialistic state.

In the last few years consumers' co-operation has increased enormously in the United States. In 1935 there were 3500 societies with a membership of 1,800,000 and a sales turnover of \$365,000,000. ⁽¹⁷⁾ There has been a large development of gasoline stations and farmers distributive societies which are small and consequently have not been included in the above estimates. It has been the policy of the government to aid co-operative endeavour for the past few years but it is doubtful whether or not such a course has been beneficial.

(15) Webb - Soviet Communism - Volume 11 - Page 309.

(16) Ibid - Page 310.

(17) E. Cowling - Introduction to Consumers' Co-operation - Page 24.

In all these countries co-operation has been more or less a success. Although each country has its special characteristics, the movement is dominated by the fundamental principle of dividends on purchases. No two countries are exactly alike in organization, but in all cases co-operation seems destined to a bright future.

CONSUMERS' CO-OPERATIVE SOCIETIES AND MEMBERSHIP IN U. S. 1933

Societies in Existence

Type of Society	Number	Percent of Total Number	Societies Reporting	Membership of Societies Reporting
Store Societies	878	50	235	76,160
Distributing Dep't's Of Marketing Associations	176	10	35	6,590
Gasoline & Oil Stations	616	35	398	127,243
Bakeries	10	1	4	2,618
Creameries	3	-	1	3,950
Restaurants and Boarding Houses	20	1	8	4,752
Funeral Associations	38	2	9	3,321
Other Types	16	1	5	807
	1757	100%	695	225,441

Consumers', Credit, & Productive Co-operation in 1933
 Bulletin #612 U. S. 1935

CANADA AND CONSUMERS' CO-OPERATION

CHAPTER 111

The Maritime Provinces

The province of Nova Scotia has been properly described as the "cradle" of the Co-operative movement in Canada. The collieries of Cape Breton have always been worked by English and Scotch miners, who first introduced co-operative ideals into Canada.

Seventeen years after the opening of the Rochdale Pioneers store in 1844, the Union Association of Stellarton⁽¹⁾ opened business. This store had a membership of thirty and a capital of \$1,000 which by 1914 had increased to 202 members and a capital of \$16,148. During that period the purchase of dividends varied from three to twelve percent. Much of the success of this society was due to the manager, James Mitchell, a man educated in English co-operation. His good management kept the association intact through many hard years, but on his retirement, the business collapsed and by 1916 had failed.

In the period between 1861 and 1900 ten other stores were started in Nova Scotia but few of them survived the trying period of the 1890's. Of these, the most notable were the Sydney Mines' Provident Society 1863-1904, the Reserve Co-operative Store Limited, Cape Breton 1887-1898, the Morien Mutual, Port Morien 1883-1895, and the Little Glace Bay Co-operative Store⁽²⁾ 1887-1894. The causes for their failure were varied but for the most part included lack of reserve funds,

(1) H. Mitchell - Queens Quarterly - Page 325.

(2) Ibid - Page 326-7.

withdrawal of capital and indiscreet credit allowances. Other failures were a result of population movements caused by mining amalgamations and the closing of pits.

Between 1895 and 1903 there was a dearth of co-operative enterprise, but in the latter year the Workmen's Co-operative Store was started in Dominion. This business was very successful and by 1915 had acquired a membership of over five hundred. Its success inspired many other societies and overcame a great deal of opposition to co-operation.

In 1906, the British Canadian Society, Limited of Sydney Mines was formed shortly after the failure of the earlier store there. It was established by a British fraternal society and its progress has outstripped any other such organization in Canada, and is today, perhaps the most successful society on this continent. (3)

As shown in the accompanying summary, its development has been almost phenomenal. Starting with a membership of 88 in 1906, it now has well over 3000 members. The sales have risen from \$16,000 in the first year to almost \$2,000,000. In the first twenty five years, the purchase dividends exceeded \$2,000,000 or over ten percent of the sales on the average. If Canadian consumers were offered a rebate of 10% on all their purchases they would not be slow in joining a co-operative society.

In 1930, the Extension Department of the St. Francis Xavier University at Antigonish, organized to spread the ideals of co-operation by a system of adult education. Since that

(3) G. Keen - (Introd'n) - "Souvenir"

SUMMARY OF PROGRESS OF THE BRITISH-CANADIAN CO-OPERATIVE SOCIETY LTD.

For the Thirty Years Ending August 5, 1936

Year	Cash Sales	Capital Deposits and Loan	Interest on Capital	Accrued Dividends	Dividends Withdrawn	Total Capital End of Term	Depreciation	Reserve Fund Allocation	Trade Stocks	Share Cap. Withdrawals	NO. of MEMBERS
1907	16,913.18	1,710.11	55.69	598.29	72.54	1,995.85	130.33	34.70	1,362.95	295.70	88
1908	23,760.95	337.48	112.06	1,642.77	323.36	2,802.92	305.14	161.51	2,804.81	961.88	101
1909	47,139.95	1,992.36	204.04	3,787.23	1,365.25	6,511.03	259.91	503.45	6,663.31	910.27	204
1910	111,149.17	6,082.97	451.29	8,845.38	3,180.32	11,794.97	1,253.17	1,800.00	17,768.34	6,915.38	320
1911	115,054.81	4,870.10	650.48	7,263.58	2,374.13	14,599.36	423.14	200.00	18,752.90	7,605.62	324
1912	126,436.15	4,707.35	658.28	10,653.79	2,630.90	20,657.85	485.71	800.00	23,825.07	7,393.03	377
1913	162,524.13	6,928.89	712.79	15,758.20	2,563.92	30,291.00	951.52	900.00	23,262.96	11,202.81	453
1914	247,886.39	8,139.90	1,819.20	23,664.16	3,915.45	42,751.91	2,775.68	2,100.00	24,874.39	17,345.90	660
1915	276,922.97	6,261.34	2,318.42	32,248.95	6,573.91	46,943.42	2,310.18	1,200.00	28,884.10	30,063.29	806
1916	319,227.33	11,803.69	2,655.28	36,344.00	5,162.33	65,179.64	2,715.29	1,100.00	46,812.12	27,424.42	910
1917	439,408.43	11,259.04	3,577.54	50,170.23	5,389.28	93,300.29	2,375.02	900.00	72,875.65	31,546.88	1220
1918	675,204.94	24,536.20	5,992.23	71,029.81	10,023.31	135,461.97	6,429.62	3,300.00	111,786.79	49,373.25	1550
1919	876,598.37	29,086.24	7,651.44	98,170.98	14,188.72	158,467.67	5,975.34	5,400.00	135,860.31	97,714.24	1712
1920	1,124,472.40	40,261.30	8,722.72	126,358.53	19,156.72	186,132.19	6,649.62	5,000.00	166,378.62	128,521.21	2000
1921	1,291,302.67	86,181.13	12,094.87	141,965.90	22,743.59	254,959.81	4,935.79	1,900.00	187,505.00	148,670.69	2363
1922	1,174,919.39	38,113.11	12,150.66	123,158.61	21,624.26	217,410.02	37.25	1,000.00	150,046.36	189,357.91	2321
1923	1,244,804.08	53,820.50	12,139.70	122,649.32	18,391.62	240,781.11	3,329.20	3,915.00	134,907.91	146,862.01	2468
1924	1,359,800.28	49,993.32	12,391.64	135,922.37	17,503.01	255,375.64	8,653.56		111,564.00	166,209.74	2659
1925	1,206,632.37	39,997.18	12,746.99	156,560.27	21,029.79	215,851.16	8,514.58	3,881.97	100,011.00	227,799.13	2871
1926	1,323,575.32	38,418.29	11,029.34	87,948.95	1,853.61	223,544.01	15,990.49	3,360.02	112,511.03	121,813.31	3013
1927	1,581,496.32	43,508.10	13,331.56	141,474.73	11,406.11	228,153.13	18,120.09	7,487.25	131,315.28	123,299.16	3086
1928	1,657,440.88	29,285.94	15,691.53	166,700.22	23,568.48	291,994.86	21,869.28	7,974.13	140,169.93	184,195.08	3302
1929	1,761,840.33	20,705.80	14,125.01	176,919.16	31,035.45	286,911.16	10,945.72	3,276.15	150,432.69	184,578.32	3438
1930	1,724,686.54	14,972.85	12,563.45	187,954.33	30,028.23	273,635.82	15,947.89	3,442.97	153,440.79	198,737.74	3605
1931	1,446,570.84	15,776.88	11,605.05	147,586.81	26,435.55	245,821.54	28,817.32	6,462.13	133,241.25	176,346.57	3437
1932	1,217,737.14	14,193.92	10,830.46	116,744.49	21,639.47	217,096.73	6,973.48	1,713.65	109,561.07	155,998.22	3402
1933	914,511.89	14,859.82	8,894.31	66,938.96	14,095.67	160,132.99			101,434.62	145,827.20	3075
1934	1,006,277.73	21,073.70	7,739.07	59,089.65	9,918.48	163,514.72			111,967.72	76,972.53	3269
1935	1,036,473.45	33,783.36	8,216.89	76,546.79	7,703.62	186,612.46	1,487.50		112,728.98	77,651.13	3440
1936	1,099,043.50	34,146.33	9,723.99	85,587.34	9,220.65	215,248.85	6,000.00		121,519.05	90,794.24	3284
	25,609,814.90	706,807.30	220,782.45	2,481,283.75	371,117.73		184,361.82			2,832,391.86	

time over 950 study groups with seven or eight thousand members have been established. This small university has the advantage of the support of the Roman Catholic Church to which about fifty percent of the population is devoted. However, the movement is not restricted to that denomination.

The study clubs are made up of from three to ten persons who meet in homes to discuss current problems or books they have borrowed from the Extension Library. After sufficient study has been made, many of these clubs form co-operative organizations which have the advantage of careful planning.

The movement has spread to Newfoundland whose Commission Government has been favourably impressed by co-operation.

The 1930 Census figures of the Bureau of Statistics give a favourable impression of co-operative activity in Nova Scotia. At that time there were eighty-six consumers' societies doing a total business of about \$3,000,000. The farmers of Nova Scotia engage in the co-operative purchasing of supplies through their marketing societies which are predominantly fruit and dairy companies. The 1935 report on Farmer's Business Organizations in Canada gives figures for thirteen such companies which had a total membership of 929 and sales amounting to \$208,674.

The continued success of the older societies and the development of extension work by the St. Francis Xavier University have caused much enthusiasm among the miners of the Cape Breton area. Nova Scotia led Canada in the first attempts at co-operation and today, she seems to be leading the way in a new attempt to prove the true worth of that system to Canadians.

Co-operation has had a varied experience in Newfoundland. Several attempts have been made to establish true consumers' co-operatives but in the end these all seem doomed to failure or to become ordinary capitalistic enterprises. The influence of company-owned stores at which the workers are bound to trade has been ascribed as the chief cause of these failures. Several fishermen's unions, co-operative newspapers, and stores have been initiated, but today these are co-operative in name only and have become in reality limited liability organizations.

New Brunswick has made good progress in co-operation and was able to report 150 societies in 1930 with sales of \$1,528,726.⁽⁴⁾ Farmers distributing associations although not as numerous as those of Nova Scotia are quite prosperous. Reports have been received from nine associations with over 900 members, 7,000 patrons and a business of \$341,615 for 1933. The largest company of this group is the Agricultural Societies United at East Centreville which sold over 5000 tons of fertilizer in that year. Other active societies with sales in the neighbourhood of \$40,000 a year are the Grand Falls, United Farmers' Co-operative Limited, and the People's Co-operative Limited at Riverside.

At the present time there is no legislation for setting up consumer co-operatives in New Brunswick. These societies now operating are incorporated under the Companies Act. In 1922 an act allowing the incorporation of marketing co-operatives was passed while in 1936 credit unions were also recog-

(4) Statistics of Co-operative Marketing & Purchasing Associations - 1930 - Page 28.

nized. It is to be hoped that the demand for consumers' co-operative legislation will soon be satisfied, since the conditions which exist today are inadequate in their restrictions. It has been stated that the consumers' societies of the above province are nothing more or less than a form of joint stock company and only co-operative in name.

Prince Edward Island has had consumers' co-operation since 1892. At present there are no established consumers' societies but producers' co-operatives, marketing societies, and Farmers Institutes have been doing co-operative purchasing for many years. After the war about fifteen co-operative stores were established but these all went under. The only figures available in regard to Prince Edward Island are those of the 1930 census which show sixteen societies with a total business of almost \$600,000.

At the present time an adult educational movement is being inaugurated on the St. Francis Xavier pattern. The results of this have so far been confined to the formation of credit unions and buying clubs, but it is only a short step from these to consumers' stores, if the proper stimulus is present.

Quebec

The Province of Quebec is famed for her Caisses Populaires founded by M. Alphonse Desjardins in 1900. These credit unions went further than the Schulze Delitzsch or Raffeisen Banks in Germany and abolished all liability. They have supplied a great need of our financial structure in pro-

viding small loans at fair interest to their members.

In 1905 an attempt was made by the socialists under M. Albert Saint-Martin to introduce consumers' co-operation. He founded a store, which sold goods at ten percent above cost, but it failed when the manager misappropriated the funds. Later, in 1907, Saint-Martin tried to found a socialist colony on a co-operative basis. After nine months dissension broke up this attempt. Not to be discouraged, the same man established a co-operative farm the next year which had some measure of success before it failed.

The co-operative movement in Quebec has been, up to the present, mostly limited to farmers. There is a very strong agricultural co-operative development, which is of course primarily a producers' movement. Supplies of farm materials are bought by most of these societies for distribution among their members on a co-operative basis. The official statistics of these association do not differentiate between business done as consumers or producers and thus, an estimate of the true state of affairs cannot be attempted. The total volume of business done by these societies amounts to almost ten million dollars.

The Co-operative Federée de Quebec, with headquarters in Montreal is the largest marketing co-operative in the province and carries on a large purchasing business for its 15,000 members. The organization is composed of 150 local societies which contain almost entirely, French farmers. Supply warehouses are maintained at Quebec City, Lennoxville and Princeville

(5)
 as well as abbatoirs and grain and seed factories. In Montreal, the company operates a live stock terminal, a butter and cheese office, an egg candling and poultry department, and facilities for handling fish. The total sales (marketing and distributing) of this business were 5,454,090 in 1934.⁽⁶⁾

At the present time there are no true co-operative stores in operation in Montreal. A few years ago a city wide co-operative service was attempted but proved a failure mainly because of its size. As a result of this failure, co-operative clubs have been organized in Maisonneuve, Verdun, St. Georges, West End, and Greenfield Park which are districts of Montreal. Concentration on smaller areas is the aim of this division. The clubs include a total membership of about 750 persons of which the Verdun Society claims 350. At present only a small business is carried on by these clubs, milk being the chief commodity sold. However, stores are to be opened in the near future and it is to be hoped that the smaller groups will be more successful than their predecessors.

Ontario

In Ontario the first attempts along co-operative lines were made in 1875 by the Grangers. The Granges were associations of farmers, first organized in the United States but later spreading to Canada. It is true that they practiced co-operation, but it is certain also that they never realized its true principles. In 1876, the Grange Co-operative Company

(5) Farmers' Business Organizations in Canada - 1935 - P. 30.

(6) Societies Co-operatives Agricole - 1934 - Quebec - P. 107.

was instituted at Napanee following the Rochdale plan, more or less. The whole Grange Movement was supplied through this store. In the first year \$21,000 worth of various commodities were supplied to the clubs. In 1879 a Grange Wholesale Society was organized in Toronto. Through this office a branch was opened in Halifax, which was successful, but was closed in 1889. Managerial incompetence led to heavy losses and liquidation of the Toronto Company in 1894.⁽⁷⁾ The society is still in existence, although none of its co-operative enterprises have survived.

In 1889, the Patrons of Industry, another farmers' organization from the United States, established a number of co-operative societies. Due to its political relations, however, this organization was short-lived, and died out in 1896.

Outside these movements there were only a few small co-operative enterprises in Ontario before 1903. In that year the Guelph Society was formed. Later, organizations were established in Brantford and Hamilton but these were failures. The Guelph Society was in the first place a bakery but expanded into the boots and shoes, butchering, coal, and grocery businesses. In 1912, the society had 585 members, a share capital of \$4,770 and total sales of \$106,546. In Preston the co-operatives won a notable victory over the town magistrates who had fined them as "transient traders", when they won an appeal in the high Court of Ontario.⁽⁸⁾

(7) H. Michell - Co-operation in Canada - Page 19.

(8) H. Michell - Queen's Quarterly - March, 1916 - Page 333.

A conference of the representatives of Canadian Co-operative Companies was held on March 6, 1809 in Hamilton, Ontario, at which the Co-operative Union of Canada came into being. The Union has since become the Canadian affiliate of the International Co-operative Alliance and also is the publisher of the "Canadian Co-operator". This monthly journal is edited by Mr. George Keen, of Brantford, a pioneer in co-operation who has been the General Secretary - Treasurer of the Union since its inception.

After the disintegration of the Grange Movement in 1894, farmers organizations were very careful in avoiding any commercial connections for many years. However, when the Council of Agriculture was formed in 1909 by the western societies, the Grangers, and the Framers Associations, several commercial organizations of local character were initiated. The Kincardine Salt Company was one of these enterprises. In Brantford, cheese, binder twine, and pork-packing firms were established. True Rochdale principles were unknown in Ontario at that time and these societies were in reality joint stock companies.

In 1914 the United Farmers of Ontario were founded to unite the Granges, the Farmers' Association, and the farmers' clubs which has been supported by the government. At this time, there was no co-operative legislation in Canada. In forming the United Farmers' Co-operative Company in 1914, the United Farmers of Ontario were greatly influenced by Mr. George Keen of the Co-operative Union. Under his guidance, the first

true co-operative structure based on the Rochdale idea was formed in Ontario.

In 1914, the Ontario Government established a Co-operation and Markets Branch. Legislation was passed, at the instigation of Mr. G. Keen, Mr. C. W. Good, and Mr. F. C. Hart, which gave co-operative societies unlimited scope in choosing directors.

The Farmers' Co-operative Company obtained its capital through subscription from the various clubs which were held in trust by some member of each club. This practice led to many disputes as to the control and ownership of stock. The company acted as a wholesale for the clubs.

During the war years these clubs expanded and multiplied greatly. As soon as this happened, they found it necessary to organize as separate co-operative societies. As there was no place for these societies in the United Farmers' Co-operative system, they became separate bodies. The Brant Farmers' of Brantford was such an organization.

In 1918-19, during the post war inflation, rapid expansion led to the advocacy of a scheme of centralized chain stores under the United Farmers' Co-operative Company and under the managership of the late T. P. Loblaw. Forty of these stores were opened but due to monetary deflation and the control of large individual shareholders, the whole venture was abandoned in 1921. Some of the stores were sold to farmers' organizations and some to private merchants. At the time of its greatest popularity, the movement had 50,000 members.

Since 1921, the United Farmers' of Ontario and the United Farmers' Co-operative Company movements have been retrograde. The latter has acted as a co-operative wholesale with quite a large business. Today, the movement includes about 20,000 shareholders in about 50 local societies. These clubs have been formed for special purpose business such as fertilizer, coal, salt and fence posts.

The Farmers' Co-operatives although well-designed have mostly disappeared today. Attempts at reorganization of the United Farmers' Co-operative Company since 1928 have shown promise, but usually are too expensive for the society. It is to be hoped that some long needed changes will be made in the near future, at least so as to include a place for separate co-operative societies in the United Farmers' Co-operative Company. If such a course is followed that Company is capable of becoming the counterpart in Ontario to the Consumers' Wholesale Society in Great Britain.

The urban co-operative development in Ontario has been slow and, on the whole, discouraging. Societies have been formed in Palmerston, Brantford, Woodstock, Port Rowan, Dundas, Hamilton and Galt. Although these seemed to be very promising for a time they petered out for different reasons. Their failure cannot be blamed on their structure, but has been attributed to lack of enthusiasm, managerial difficulties and financial troubles. For many years, the society founded in Guelph was prosperous but went into bankruptcy in 1925. Withdrawal of capital and demoralization of confidence in the

managers are given as the causes of its failure.

Of course, there is a brighter side to co-operation in Ontario. Something should be said of the great success of the Finns in their co-operative attempts. Their race seems to have the happy faculty of making co-operative societies successful wherever they establish them. In 1926, the Finns in the mining district of Timmins founded a co-operative general store and a bakery. It thrived and grew for a few years and became affiliated with the Co-operative Union of Canada. This affiliation was broken, however, when a minority group of Communist shareholders gained control in 1927. The old members broke away and started another store in 1930 which today has outrivalled the old company and is the leading society in Ontario with sales of \$380,000 and a membership of 482 last year. The amalgamation of the two companies is thought to be quite possible. Other very successful Finnish societies are flourishing at Sudbury, Kirkland Lake, Saulte Ste Marie, Port Arthur and Nipigon. In addition to these there are Ukranian, Slovak and Slav stores at different points in the mining districts. The clannish characteristics of these races, as well as their thrift, make them naturally disposed towards the ideals of co-operation.

Lately, in Toronto, there has been an attempt to form a co-operative union as a rival organization to the long established Co-operative Union of Canada. This organization goes by the name of the Ontario Co-operative League and Continental Co-operative Stores. It operates both as a producers and a

consumers' society. There are over one hundred stores affiliated and receipts are allowed with every purchase. To date, this league is only co-operative in name, but its managers may be sincere when they claim that the organization in its present form is only a means to an end, and that when a sound basis is acquired, true co-operative ideals will be introduced.

In several centres including Oshawa, Whitby, Port Credit, Long Branch, Niagara Falls, Hamilton, and Newmarket, buying circles are being organized. These circles are usually started by housewives who begin by buying their eggs and butter at wholesale prices. As their membership increases, they hope to expand their circles and to include more commodities. In several factories young men are clubbing together their resources to buy clothes. When enough money is saved they approach a clothier in a body and asked for reduced rates. It is quite possible that such developments may give the co-operative movement a decided stimulus in Canada. It educates the members in the ideals of co-operation and is a movement initiated from below and not above.

On the whole, as shown in the Statistics of Co-operative Marketing and Purchasing Associations in 1930, the movement in Ontario is larger than in any of the other provinces. In that year there were 172 purchasing societies, and the total business was over \$6,000,000 dollars, more than one quarter of the total business of co-operative societies in Canada.

The Western Provinces

Western co-operation has not developed on the same lines

as that of the eastern provinces. We find a few small stores being operated by the English miners at Lethbridge, Hillcrest, Coleman and Eckville in Alberta before the war. Several societies were started by foreign colonies, namely the Finns at Port Arthur and the Hebrews at Edenbridge in Northern Saskatchewan. In Manitoba, stores were started by socialists and Trades Union Men about that time at Neepawa and Oakville.

In 1910, an association was founded at Broadview, Saskatchewan with a large capital, mostly unpaid. Business was run on a large scale and credit was given. Another branch was soon opened in the same town. By 1913, the society had failed, giving consumers' co-operation a bad name in the west. The causes of its failure were attributed to capitalistic and un-democratic organization, credit capital and undue expansion. (9)

The development of consumers' co-operation in the west soon began to hinge on the producers societies which grew up to carry out the sale of the combined crops of the western farmers. The migration of Ontario farmers, accustomed to farmers organizations led to the formation of wheat, cattle and wool marketing societies. In order to lower the costs of the farmers, mass purchasing was introduced as early as 1912. In 1911, the Grain Growers' Grain Company purchased a timber limit in British Columbia and was actively supplying its members with lumber and fence posts by 1914. (10) In 1913, the

(9) H. Mitchell - Co-operation in Canada - Page 41.

(10) H. S. Patton - Grain Growers' Co-operation in Western Canada - Page 286.

Co-operative Supply Department of that company distributed 8926 tons of coal and 5336 barrels of apples to its members. ⁽¹¹⁾ In the same year, the Rapid City Flour Mill was acquired and gave the members a saving of fifty cents a hundredweight on flour. In 1915, wire fencing, binder twine, and to some extent farm implements were added to the products handled by the supply agencies. In that year 2,500,000 pounds of twine were sold, which increased to almost 7,000,000 pounds the following year ⁽¹²⁾ at a saving of $2\frac{1}{2}$ cents a pound. The prices of farm implements had always been a sore spot with farmers. They finally came to an agreement with the manufacturers which allowed them to sell to their own members and for a few years the sales were encouraging.

Poor crops in 1918-19 left heavy carry-overs of supplies on the hands of the company especially binder twine and farm machinery bought at inflationary prices. The monetary deflation of 1921 made conditions almost unbearable with a loss of \$219,000. ⁽¹³⁾ It was then decided to drop the selling of farm machinery and once more this became the duty of the manufacturer.

Since 1922, the United Grain Growers' supply business has not changed greatly. Coal, flour, feed, binder-twine, fencing and oils are the chief commodities purchased. At the end of 1926, the United Grain Growers' Company operated 263 flour houses, 234 coal sheds and 8 supply sheds. The United Grain Growers' lumber enterprise proved very unfruitful also. It became incorporated in 1918, but due to bad years in agriculture, never had much chance of success. In 1925, its directors

(11) Ibid - Page 285. (12) Ibid - Page 297. (13) Ibid - P. 304

decided to wind up its operations after the loss of a mill plant by fire.

Saskatchewan

The movement in the west was not wholly confined to marketing societies. In Saskatchewan, the Co-operative Associations Act of 1913 stated that Grain Growers' locals or local farmers groups might incorporate for trading under the supervision of the commissioner of Co-operation and Markets. Thus, we have a record of all co-operative dealings in Saskatchewan since that date, a factor that is lacking in other provinces.

(Statistics for 22 years - in Annual Report of the Commissioner of Co-operation and Markets) Page 30(c)

From the statistics shown on the next page, we can clearly follow the development of co-operation in Saskatchewan. The war years created a great stimulus to the movement. Inflated prices have a great deal to do with the large volume of sales in 1918-20, but nevertheless all societies were flourishing and expanding in that period. During the 1920's the movement declined slowly with societies falling off gradually and sales decreasing every year. However, since 1930, a new lease on life has been taken and progress has been pronounced, especially in the last two years.

The Saskatchewan Co-operative Wholesale Society Limited, founded in 1928 has done a great deal for co-operation in the province. It buys gasoline, lubricating oils and greases, binder twine, coal, and dry goods in carload quantities to supply thirty-six shareholder associations. During 1935, its

CO-OPERATIVE ASSOCIATIONS IN SASKATCHEWAN

Twenty-second annual report of the Commissioner of Co-operation and Markets.

Year	Ass'ns Report- ing	No. of Share- holders	Paid up Capital	Assets	Liabilities including pd. up Cap. & Res- erve.	Value of Supplies handled.	Total Sales	Net. Surplus.
1914	102	2,850	13,494	37,337	29,717	239,320	281,354	
15	173	5,537	39,421	105,322	82,956	805,456	964,892	19,102
16	279	9,444	92,940	295,012	232,938	1,984,545	2,122,832	54,072
17	304	12,459	151,805	624,854	543,553	3,076,466	4,160,262	110,921
18	329	15,132	230,002	941,410	852,415	3,664,222	5,278,166	93,146
19	350	18,248	362,251	1,424,582	1,315,817	4,506,181	6,189,591	115,557
1920	337	18,894	466,009	1,708,239	1,510,302	5,885,385	7,314,695	191,819
21	343	18,008	501,070	1,522,760	1,301,572	4,406,060	5,026,822	135,493
22	321	16,849	504,570	1,363,043	1,084,718	3,332,517	4,107,239	110,997
23	304	16,082	438,557	1,143,599	1,009,132	2,936,353	3,643,501	96,110
24	304	14,663	470,505	1,202,486	1,037,729	2,759,564	3,562,006	66,644
25	260	14,187	494,687	1,245,452	1,068,395	3,160,138	3,940,332	91,181
26	258	14,948	546,601	1,406,829	1,403,266	3,188,150	3,974,751	120,409
27	243	13,867	547,888	1,461,394	1,349,310	3,369,098	3,861,904	128,566
28	216	13,819	569,829	1,638,139	1,585,778	3,621,256	3,879,773	135,963
29	253	15,428	603,781	1,665,603	1,633,821	3,258,093	3,478,550	98,178
1930	271	16,334	635,784	1,611,968	1,574,330	2,644,002	2,774,414	58,167
31	285	16,998	652,484	1,484,673	1,446,711	2,047,182	2,060,949	17,664
32	279	17,820	639,701	1,374,447	1,356,137	1,851,005	1,898,145	19,761
33	283	17,889	633,235	1,334,005	1,293,354	1,666,444	1,715,658	46,087
34	281	18,229	640,256	1,320,405	1,288,984	1,799,054	1,863,711	52,666
35	326	21,131	716,305	1,689,184	1,491,762	2,712,182	2,770,466	127,507

sales were \$440,751 an increase of \$100,000 over the 1934
 (14)
 total. There was much activity in co-operative coal societies during 1935 with forty new associations being formed under the Co-operative Wholesale Society.

Another development of some importance was the incorporation of the Consumers' Co-operative Refineries Limited of Regina. The refinery was built as a source of supplies for co-operative associations who engage in distributing and marketing petroleum products. In its last report August 1936), this society showed sales of \$253,011.37 with a net profit of \$28,000. From this a dividend of 6% was declared on invested capital and one of 10% was given as a dividend on purchases. This amounted to a saving of 2½ cents per gallon on gasoline and lubricating oils. The operation of this company has put an end to the opposition shown to co-operative oil stations by the large oil companies.

The outlook of co-operation in Saskatchewan is very bright in comparison to most of the other provinces. The advantages of its government supervision, its experienced wholesales, and its strong marketing societies and elevator companies are very marked. The statistics show favourable balances for thirty-five stores with an average of 154 members, average sales of \$38,000, a surplus of \$1072 each, and reserves of \$5964. Carlot Associations which are operated chiefly by farmer groups, numbered 156 in 1935 with an average of 46 members, sales of \$7117, a surplus of \$391 and a reserve of \$589. Community Hall

Associations, Trading and Community Halls and Community Grazing Associations included 130 groups, whose activities, although not financially outstanding, have done much to foster a co-operative spirit and often lead to larger undertakings.

Alberta

The development of co-operation in Alberta has been parallel to that of Saskatchewan. It began chiefly among the United Farmers of Alberta who purchased bulk supplies of barbed wire and fence posts. The United Grain Growers Company also helped in the distribution of commodities. Later, retail stores developed, which met strong competition from merchants. The usual difficulties of insufficient capital and unskilled managers caused many disasters, but not discouragement.

In 1928, a wholesale was organized in Alberta, but the development in this field is far behind that of Saskatchewan and Manitoba although it is growing more popular. Last year the sales of the wholesale were \$25,000.⁽¹⁵⁾ Several prosperous societies are operating in the province. At Wetaskiwin, the United Farmers of Alberta Co-operative Associations, established nineteen years ago is progressing favourably. Its sales reached a peak of over \$200,000 in the happy years of 1927-1928 and after a serious setback during the depression, are once more on the upswing with a total of \$112,000 last year.⁽¹⁶⁾

The Killam District Co-operative is also quite powerful.

(15) "Canadian Co-operator" - Sept. 31 - Page 12.

(16) Ibid - Page 12.

It has been in operation since 1921 and has shown a steady growth. In 1927, it introduced a banking scheme to cover credit allowances and the success of this innovation was so marked that over \$30,000 was deposited in one month. In 1927, the sales increased from \$12,000 to \$47,000. Today, they have a business of \$80,000 among a membership of 338 persons.

On the whole the movement in Alberta is not nearly as strong as in the other Western Provinces. The census figures of 1930 show a total of 53 consumers' societies in the province with sales of about \$2,000,000, or about one-half those of her sister provinces.

Manitoba

During the strenuous financial period in 1921 many United Farmer Locals engaged in commodity buying for their members. At the same time groups of consumers formed themselves into co-operative associations for a like purpose. Difficulties arose in buying supplies of good quality and in getting fair prices. A committee appointed by the United Farmers' of Manitoba investigated the conditions and the result was a co-operative wholesale which opened operations in 1928.

Many difficulties had to be overcome but the organization soon proved its usefulness to the consumers. Much opposition developed with the expansion of the company but in spite of this a steady growth was affected. At the first meeting fourteen societies were in attendance; at the second, thirty; and at the third, forty-six societies which represented over four thousand

(17) Alberta Institute of Co-operation - 1928 - Page 192.

(18) Ibid - Page 190.

consumers. In that year, 1929-30, \$250,000 worth of goods were purchased for distribution. In that year also 19 gasoline stations were in operation and 500,000 pounds of binder twine were handled as well as large supplies of coal, fencing, salt, fodder, flour, sugar and other staples.

The Manitoba Co-operative Wholesale and its consumer society affiliates claims to be organized on true co-operative principles. Neighbours first get together and organize a local consumers' society under the Manitoba Co-operative Associations Act. When large enough these societies apply for membership with the Wholesale Society for which they are assessed \$10.00 per member which is used as capital and which must be 20 percent paid up. Interest of seven percent is paid on capital. Delegates from each society are present at the annual meeting, where they review and pass on the business of the year, elect the Board of Directors and determine the policy of the ensuing year.

Today there are fifty-seven member societies under the wing of the Manitoba Co-operative Wholesale to which were sold supplies amounting to \$320,000 last year. The movement in Manitoba is almost entirely rural. In 1934 there were 35 farmers' retail stores with a membership of 2,822 and doing a business of \$429,115.⁽¹⁹⁾ Besides these, there are a dozen co-operative general stores at rural points. In Winnipeg there is a co-operative food store (opened in 1936), a large and successful co-operative milk distributing plant, two co-operative

coal and wood yards, and a co-operative book store catering to people of Ukranian origin. There are no official statistics of co-operation in Manitoba, but a Co-operative Promotion Board has been organized, as well as a monthly magazine "The Manitoba Co-operator."

It is interesting to notice the large development in gasoline and other fuel businesses in the west. The success of the Regina Co-operative Refineries should add a great stimulus to these organizations. Such enterprises are especially predominant in Manitoba. In 1927 the company at Oakville was organized and now there are nearly thirty societies. As shown in the accompanying table, the total sales, for the 19 companies reporting were \$492,656 with a net surplus of \$25,078 or 5.05% of sales. The popular method of distributing dividends is to return, at the end of each year, so many cents per gallon on the different products purchased. Often these societies are able to return $2\frac{1}{2}$ cents on every gallon of gasoline purchased. Because of the common use of automobiles and tractors in the prairie provinces, this type of society appears to be the most promising development of present day co-operation in Canada.

Low prices and poor crops have reduced the business of the co-operatives, but they have generally come through the depression remarkably well and are now again on the up-grade. The total business of co-operatives in Manitoba is not as great as in the other two prairie provinces, but is advancing satisfactorily.

CO-OPERATIVE OIL STATIONS IN MANITOBA

Analysis of Operating Statements for 1935

Compiled by the Co-operative Promotion Board, Winnipeg

	Sales	Gross Surplus	% of Sales	Operating Expenses	% of Sales	Net Surplus or Deficit	% of Sales
1.	44,766.85	8,850.98	19.79	6,677.65	14.92	2,181.33	4.87
2.	24,100.76	4,408.04	18.29	3,600.85	14.94	807.19	3.35
3.	17,408.40	3,405.23	19.56	2,692.19	15.46	713.04	4.10
4.	28,687.36	6,441.70	22.45	4,177.53	14.56	2,264.17	7.89
5.	9,846.64	1,593.01	16.17	1,280.03	13.00	312.98	3.17
6.	31,515.90	3,223.26	10.23	1,987.62	6.31	1,235.64	3.92 A
7.	26,046.79	4,766.76	18.30	2,476.51	9.50	2,290.25	8.80 X
8.	15,261.95	2,900.67	19.00	2,288.12	14.99	612.55	4.01
9.	12,253.19	2,173.11	17.73	1,795.90	14.66	377.21	3.07
10.	23,990.94	3,857.82	16.08	2,990.26	12.46	867.56	3.62
11.	18,521.68	4,187.60	22.61	2,948.73	15.92	1,238.87	6.69
12.	14,826.59	2,546.81	17.18	2,028.94	13.69	517.87	3.49
13.	16,617.82	3,212.85	19.33	2,511.92	15.11	700.93	4.22
14.	26,715.14	5,260.59	19.69	3,741.02	14.00	1,519.57	5.69
15.	47,214.74	6,681.07	14.15	1,893.80	4.01	4,787.27	10.14 X
16.	31,263.88	6,062.31	19.39	3,814.58	12.20	2,247.73	7.19 X
17.	60,294.24	8,427.75	13.98	8,785.64	14.57	-357.89	-0.51 A
18.	30,723.82	5,762.62	18.76	3,148.59	10.25	2,614.03	8.51 A
19.	24,251.63	2,730.93	11.26	2,582.66	10.65	148.27	0.61 A
Total	\$492,656.19	\$86,501.11	17.53%	\$61,422.54	12.48%	\$25,078.57	5.05%

X Indicates that the station does not give free delivery service

A Indicates that the stations established since 1930.

British Columbia

Information regarding consumers' co-operation in British Columbia is quite scarce, and consequently we must depend on the brief accounts given by the "Canadian Co-operator" and government reports.

The farmer movement in British Columbia is fairly strong with nineteen purchasing companies reporting sales of \$669,797. The largest of these societies is the F. V. Surrey Farmers' Co-operative Association at Cloverdale.

In 1922 a society was begun at Armstrong, which later included a branch at Salmon River. It has maintained a low level of prices in its district and at the same time has built up a strong business. The peak of its success was reached in 1927 when sales of \$104,900 were made. In 1935, a business of \$69,325 was done. An approved credit list, by which each member is restricted to a given amount of credit, is a peculiar feature of the society.

At New Westminster, the Common Good Co-operative Association is very successful. It is a self-help organization designed to produce savings through collective industry. Today it has twenty-four local associations with 545 members who engage in fuel cutting, gardening (25 acres), raising of chickens and mushrooms, and manufacture of soap, cheese and lumber.

A peculiar form of co-operation is found at Roseland, where a group of 12 workers started a bus service in 1932. Today this line operates a dozen cars and has its own garage with a mechanic and service pump. There are no patronage

difficulties in this society, as shown by the figures for the year 1935 which give the membership as 410 and a business of \$28,287.00.

Along the Pacific Coast there are numerous co-operative associations among the fishermen. The most prominent of these is the Kyuquot Trollers Co-operative Association. It was organized in 1931 after disputes and strikes had arisen among the salmon fishermen. It started with 200 shareholders who subscribed shares of \$25.00 each. This business was primarily a marketing association, which sold fish in the United States, but later stores were opened at five different points. Sales in 1925 amounted to 30,000 mainly of groceries and fishing gear.

Other developments of note are the Merritt Coal Mining Association and the Prince Rupert Fishermen's Association.

The movement is well established, as a whole, in British Columbia. The Federal Government figures (1930 show a total of 174 societies with a business of \$2,734,194, an amount almost equal to that of Nova Scotia. There are 37 retail stores in the province with sales of \$2,270,373.

Note: Additional information for the Province of Quebec has been added in the addendum

STATISTICS OF CO-OPERATIVE SOCIETIES AFFILIATED WITH CO-OP. UNION OF CANADA

Year	No.	Members	Share & Loan Capital	Reserve Funds	Stock in Trade	Other Assets	Sales	Net Profits	Purchase Dividend
1909	6	1,595	38,480	11,090	58,820	40,882	347,064		22,828
10	9	2,605	97,965	19,994	123,946	85,572	569,311	35,596	28,235
11	12	3,788	143,781	25,070	168,895	102,903	789,292	44,535	47,338
12	17	5,000	178,126	31,806	191,122	172,658	1,194,065	88,787	67,256
13	17	5,822	166,051	42,498	205,300	183,220	1,424,985	78,399	63,442
14	14	5,810	166,307	36,219	181,867	129,022	1,133,081	73,490	63,881
15	8	3,239	143,319	21,118	94,672	109,911	657,056	53,270	47,995
17	13	4,673	248,253	27,941	205,899	145,732	1,264,247	91,079	82,287
18	12	4,746	301,368	38,257	252,921	167,545	1,488,541	123,363	115,969
19	15	6,306	360,834	47,463	270,676	205,222	2,132,726	156,870	138,216
1920	20	7,427	394,471	40,419	368,090	206,625	1,465,253	165,904	157,424
21	14	5,919	374,996	39,001	280,968	243,397	1,190,765	154,713	144,512
22	12	6,552	450,996	94,781	251,855	286,223	2,166,196	157,321	138,762
23	7	4,646	381,656	97,591	232,294	286,847	2,249,380	172,972	140,991
24	14	7,047	516,909	94,856	271,713	445,071	2,675,852	212,493	183,986
25	16	7,308	512,808	151,791	351,732	484,042	2,792,872	158,140	118,945
26	20	7,804	616,431	208,449	426,937	660,930	3,358,162	230,535	165,062
27	23	8,914	673,827	228,504	554,101	778,508	4,481,574	283,777	227,733
28	44	74,836	3,905,813	2,523,646	1,103,323	13,305,918	8,147,967	1,057,581	252,976
29	41	10,648	769,755	484,864	663,476	1,006,628	5,030,560	238,302	238,302
1930	38	10,466	693,561	362,120	617,538	1,124,572	4,826,642	243,884	195,178
31	37	8,404	595,617	460,798	461,022	1,069,167	3,667,240	193,348	151,435
32	38	11,278	723,386	590,427	490,344	1,270,479	4,007,473	145,121	117,710
33	45	10,735	680,524	537,548	1,019,233	3,487,770	3,477,483	413,626	83,942
34	46	22,209	632,197	670,467	889,571	3,876,053	4,482,559	507,581	102,317
35	53	45,919	752,717	807,392	2,297,192	3,426,121	9,142,103	250,181	176,305

THE GOVERNMENT ATTITUDE TOWARDS CO-OPERATION IN CANADA

CHAPTER 1V

Co-operative organizations are on the whole looked upon with favour by both federal and provincial governments. Legislation has been passed in most of the provinces in which the principles and claims of consumer co-operation are recognized. In the first place, most governments agree that net revenue is not profit or taxable income in the case of a co-operative society. This is in direct agreement with the claim that co-operation is not a profit business, but a device by which the consumers sell commodities to themselves at cost. (Fishermen and farmer societies are allowed to do business up to 20% of their total with non-members and still remain exempt from taxation).

Some provinces provide facilities for co-operative encouragement. Saskatchewan has carried its support further than others in the Co-operation and Markets Branch of the Department of Agriculture, which has compiled statistics and information for the last twenty-two years. In Ontario, there was a Co-operation and Markets Branch which is now under that of Crops, Co-operation and Markets. Quebec has established an Inspector of Co-operation under the Section of Co-operation in the Agricultural Department. In spite of difficulties the Economics Branch of the Dominion Department of Agriculture has for the last few years issued a report on Farmers' Business Organizations in Canada, which contains the fullest information possible on farmers' attempts at co-operation.

Today, there are Co-operative Associations' Acts in

British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition to these, we find Co-operative Marketing Acts in Alberta, Saskatchewan, Quebec, New Brunswick and Nova Scotia. In many cases consumer societies are included in marketing incorporations as they are, in reality, only branches of the larger marketing associations. When the province has no legislation for co-operative incorporation, societies may apply for a Federal Charter.

Mr. A. E. Richards, Agricultural Economist of the Dominion Department of Agriculture has enumerated a number of features generally regarded as fundamental in a co-operative act. It might be well to note some of these.

1. Membership to be confined to or composed largely of producers or persons who expect to patronize the association.
2. The sale of capital stock should be confined to producers, consumers or persons who expect to contribute to the business of the association and if sold to other persons, should be of the non-voting type.
3. Voting power and control of the organization must be retained by those who use its services.
4. Some limitation of the amount of stock a person may own.
5. A limitation of the rate of dividends on stock.
6. Provision for crediting patronage refunds to non-members and members as payments on new and additional stock.
7. Transfer of shares subject to the approval of directors.
8. Limitation of voting to "one-man one-vote" or some other manner of voting which gives substantially the same effect.

9. Limitation of individual liability for debts of the association.
10. Provision for use of a contract if desired by members.
11. Statement of method by which dissolution may be affected.
12. Provisions that after all expenses are provided for out of gross income the balance may be apportioned among the following:
 - (a) An adequate reserve
 - (b) Interest on invested capital
 - (c) An educational fund (optional)
 - (d) Balance distributed among eligible patrons of the association in proportion to the volume of business contributed.
13. A limitation of the amount of business which may be done with non-members and non-producers.
14. A restriction of the term "co-operative" in the names of associations.
15. Requirement for annual returns or statements of business to be filed with the registrar.
16. Provision for the audit of books. ⁽¹⁾

These points are all in agreement with co-operative principles and nation-wide adoption of them would certainly assure a permanent benefit to Canadian Co-operation. At present no two provinces are agreed on all these features. Societies may be formed by from 5 to 25 persons depending on the provinces in which they are initiated. The amount of capital is usually unlimited. In some provinces, persons who are not members or

(1) Economic Analyst - March, 1935.

participants in the associations may hold stock certificates. Although in some cases there are limitations in stock holding privileges, in the majority of acts we find no such restrictions. Most of the acts also provide for a limitation of dividend rates varying in size from 6% to 8%, but there is no provision for this in Alberta or Nova Scotia. Patronage refunds are allowed by all the acts.

In the matter of apportionment of surplus, most acts agree that a substantial reserve must be built up before patronage dividends are allowed. In British Columbia, Saskatchewan, and Manitoba specific amount of 10% of surplus must be placed in reserves until the fund equals 30% of the paid-up capital stock. A peculiar feature with regard to Quebec is that legislation forces co-operatives to deal only with members.

The failure of the existing legislation to meet the needs of consumer's co-operation to the same extent as marketing associations may account in some degree for the lack of progress in the former. It is easy to see that some uniformity of legislation is seriously needed for co-operative societies in Canada. The Price Spreads Report in its review of Co-operation was loud in its praise of consumers' societies, but said that there was much room for improvement in the provisions which governed incorporation and regulation. The recommendations of the report advise federal legislation to replace provincial acts, and also to make "co-operation" a fixed term and not a trade mark. Such a step would standardize co-operative a meaning, not to be bandied about by every scheming promoter.

THE PROBLEMS OF CONSUMERS' CO-OPERATION IN CANADA

CHAPTER V

The consumers' co-operative movement in Canada is quite small and insignificant when compared with the whole of Canadian business. Although it has been established for eighty years or more, there has been no great growth or expansion as in other countries.

In the first place, it has been said that Canada's population does not lend itself well to co-operation. It is true that Canada has few large cities and thus attempts at co-operation as it is carried on in London, England, are impossible. The problem of starting stores in a country so predominantly agricultural is naturally difficult. Businesses must tend to be on a small scale, and earnings curtailed to certain universally desired commodities. Also, we find the problem of inducing scattered families to join in one united group much more difficult than in more closely populated districts. The farmers' associations have done a great deal to overcome these difficulties, but their attempts although promising for a time, have not fulfilled their early promise. The great marketing societies of the west have linked the farmers into closer unity and there we find purchasing societies doing fairly well although not prospering to any remarkable degree.

As for the larger cities, we find that here too, co-operation is very backward in Canada. The lack of enthusiasm is blamed to the departmental and chain stores, the fluidity of the population, and impossibility of acquiring an

intensive membership.

In Toronto of late, there have been numerous attempts to initiate clubs and societies but as yet there has been no great development. At this time there are no co-operative stores in Montreal and only a very small co-operative movement. The problem of territorial division is very acute in these large cities. If the districts are too large, the problems of delivery and location of stores arise. At present the societies in Montreal are endeavouring to overcome these difficulties by dividing the city into several sections.

Secondly, the people of Canada have a different viewpoint as to value, from those of European countries. In England, articles are valued in pence and halfpence. Even gambling on horse races is done in pence. In Canada we think in dollars. We are paid in dollars, and we must pay in dollars. We do not try to save a cent here and a cent there as if our whole existence depended on the outcome. In England and Europe, the people have acquired the habit of essential thrift and thus have welcomed the co-operative and its purchase dividend, or "divi", with open arms. Of course, it has been argued that the "divi" is not the true end of co-operation, but without it co-operation would surely not have lasted for long. It was the lure which attracted the common people to it, and not the idea of the betterment of the consumer.

This same spirit of thrift does not appear in our Canadian make-up. Housewives may search the newspapers for "bargains", but if someone mentions a scheme where no immediate benefit

accrues, they will not be interested. The fact that co-operation is successful in colonies of European people in Canada illustrates this point clearly. The previous experience and clannish attributes of these groups must also be taken into consideration when such statements are made.

This thrift may be developed through co-operative experience and education. The lessons of the depression have taught us carefulness, as seen by the wide development of co-operative gasoline and oil stations in the west, with saving of a small margin per gallon.

The greatest deterrent to co-operation is the lack of a consumer consciousness among the people. This idea seems as foreign to us as that of class consciousness which the socialists have been trying to develop. We cannot get away from the idea of looking upon ourselves as creators and manufacturers rather than consumers. Persons may have all manner of occupations in life, but they are all alike in that they are consumers. If we have this common characteristic, co-operators say, we should unite as consumers to further our demands and needs. However, we still go on, perhaps more so on this continent than in Europe, accepting monopoly prices, listening to the dictates of subsidized fashions and fads and meekly accepting prices jacked up by price-maintenance schemes.

As has been mentioned above, Canada has a central guiding body to help all aspiring co-operative societies. The Co-operative Union of Canada has done a praiseworthy work but the societies within its scope are only a very small proportion of

those in Canada. Many societies have deemed it of no benefit to join, others have not been allowed to join because of some small detail in their organization which does not meet the approval of the members of the union executive. It is true that many societies, operating under the name of co-operation, have obviously no right to the name. For this reason the Union must be doubly cautious in investigating possible members for its association.

Thus, in one way it is a good thing that the Co-operative Union officials are quite strict in their requirements for admission, and their firm adherence to the Rochdale system, but on the other hand such a course seems to be holding back any chance of developemnt in Canada. As seen by the many failures among societies admitted to this Union in Canada, the Rochdale system is not faultless although it has proved to be the most workable and satisfactory in other countries. Canadians are different in many ways from Englishmen and Europeans. Our language, our food, our clothes, our houses and our ideas are all unlike those of other lands. Why, then, should a system produced to suit the circumstances of another country be declared the one-and-only criterion for a Canadian co-operative society? It would seem that a wider view on the problem by the Co-operative Union of Canada would give rise to greater chances of development and closer union of all those societies striving to further consumers' co-operation. Then too, some attempts should be made to draw into closer relationship all existing co-operative societies. It is certain

that mutual benefits would be bound to occur from such an association. Mutual problems could be discussed migrating members could be exchanged, and products could be bought and distributed more economically. Closer relationships could be maintained with the great marketing societies in wheat, fruit and meat dealings which would bring benefits to all through better prices.

It has been said that profits to consumers are the keynote of co-operation. Profits are obtained in co-operation by economies along many lines. First, there is economy in operating costs. Only a small store is needed, with the smallest of staffs. No large salaries are paid, and no large expenditures are given toward advertising. The affairs of the store are decided upon usually by an unpaid board of directors. Secondly, the co-operative stores are not burdened by large capital investments on which interest need be paid out of operating receipts. Thirdly, sales are usually on a cash basis which is a necessary result of the small capital investment.

In Canada, it has been found that these economies are to a great extent overshadowed by those effected by large departmental and chain stores. These organizations, although burdened with heavy operating costs, have the great advantage of large buying and rapid turnover, which enable them to cut prices. Since co-operative stores in Canada are necessarily small, and since there is no central wholesale as in England, they find themselves limited to a very small margin of profit. Thus, dividends on purchases in Canada have proven to be very

small except in a few exceptional cases. The British Canadian Co-operative Company of Sydney Mines, which operates on a large scale, has been able to average dividends of ten percent on purchases for almost thirty years. However, as shown by the Co-operative Union statistics, in the majority of cases dividends are either very small or nil. This is another factor which plays a large part in the indifference of Canadians toward co-operation. There is no reason why a housewife should not shop at a chain store where she can get freshness and variety at the same or lower prices.

The problems of management are extremely acute with respect to co-operative societies. In the first place, the low salaries offered are not much inducement to clever executives. The only method by which brilliant men are obtained is when some co-operatively-minded person may sacrifice his own opportunities for his chosen ideal and his joy of work. Such cases are exceptional and thus much co-operative leadership is left to second-class minds. A great many of these executives have been honest, hard workers, but nevertheless, there have been countless failures in co-operation due to inefficient management.

In addition to inefficiency, the cause has suffered greatly through the rascality of managers. It seems that the opportunities of stealing funds in these organizations is too tempting for some men to resist. Time after time, we encounter cases where failure has been the direct result of misappropriation of funds. Another defect of managers, not common in

Canada, is the "one man powerism" type of executive. Little need be said of this case, because there can be no democracy in a society governed by a self-centred management.

One of the main features of the Rochdale system is the requirement of cash payments. The low capital investment of co-operative societies requires that ready cash be paid for stocks of goods. Such a practice is difficult to carry out, especially in western Canada. This factor has proven a real hindrance in the prairie provinces because of the grain economy, which results in one crop and thus in one pay-day a year for the farmers. Because of this, it is customary for farmers to receive credit for the whole year and to pay their debts after the harvest. It would be practically impossible for a co-operative store to operate under these conditions. Some stores have solved the dilemma by allowing a limited amount of credit. Others have established a banking scheme to cover credit allowances as in the case of the Killam Co-operative in Alberta.

It has often been said that the chain store will never drive the "corner grocery store" out of existence because the latter gives credit to its customers. Co-operative stores, in the majority at least, are very similar to the small grocery stores in Canada. How can they then, without credit allowances, hope to cope with chain and departmental stores? A co-operator would say that the influence of the co-operative spirit would be sufficiently strong to overcome such competition. Even granting the existence of such a "spirit", its

influence could never be great when opposed by cold cash savings and immediate benefits.

Many societies have been initiated in Canada by honest, well-meaning people without adequate knowledge of co-operative principles. Others do not realize that correct business and administrative practices are essential to success. Failure of these enterprises have done great harm to the name co-operation.

Another type of society particularly subject to failure is the promoted or large-scale company. In these businesses, the self-help principle is largely lacking. The organization is from the top downwards with no spirited group of consumers to back the movement. The usual cause of failure in such cases, is the motive of personal gain which is the primary concern of the promoters. Millions of dollars have been lost by Canadian investors in these so-called co-operative schemes. Many trade-union ventures along the same lines have been failures through the ignorance of co-operative principles and personal gain motives.

Many organizations use the word "co-operative" in their title, just as a lure to the public. Examples of these are the trade discount agencies which are found in Toronto and Montreal. These agencies influence a number of stores to agree to a commission on sales from which dividends are given. The store keepers are willing to pay a commission on goods sold outside their ordinary business, and allow their own customers to pay for the regular operating costs. This works well until the regular customers realize the situation and de-

mand rebates on their purchases. The stores are still independent and there is no semblance of co-operation in their make-up. However, this does not hinder them from using the name and even competing with genuine co-operation. An argument has been put forward by these organizations, that they are following such a course because it is the only way they can develop a co-operative business. Even if these companies are sincere, it hardly seems possible that they will ever change to true co-operation.

It has been an established principle that co-operation is open to all consumers regardless of race or creed. This has worked with varying success in Europe. In Belgium we find that religion plays a prominent part in the movement; in Denmark politics is very active. In Canada the government usually regards co-operation favourably. There have been no great religious or racial problems in our societies. However, it has been shown that all three, race, politics and religion can do a great deal to further co-operation. It appears that some tie greater than co-operative spirit or ideals, and purchase dividends is needed to unite consumers successfully into the movement. The Finns have shown us how racial ties can be adopted into co-operation and can be the guarantee of its success. The government of Saskatchewan has done much for the cause through its Department of Agriculture. However, this is the only province in which government aid is worthy of mention. The St. Francis Xavier Extension Movement, although not professing Roman Catholic restriction, has almost entirely been

fostered by that creed and its success has been due to the co-operation of that church.

Because of the lack of consistent statistics for consumer co-operation in Canada, it is not possible to make any exact calculations on the rate of increase or decline of their operations. However, it is certain that although their business has increased from decade to decade, the growth has been slow. But also we find that there is a constant change in the societies themselves--old ones fade out, and new ones are formed. Co-operation in Canada appears to be successful only over short periods. Old societies are few and with the coming of a new generation often succumb through lack of incentive, spirit, or careful management.

Business depressions also seem to foster co-operation. Drift is essential in hard times and this leads to a consumer consciousness. Thus, we find that co-operation progresses by fits-and-starts. Every decade or so it is polished up and brought into the limelight. In the recent economic depression the success of European co-operation has been used as an advertisement American and Canadian advocates. It is difficult to calculate the number of small societies which has been fostered in Canada in the last few years, but it is certain that these clubs have much to do and learn before they can become successful societies.

The supremacy of chain and department stores is another factor which retards co-operative development. The prices asked for commodities by these establishments are very often

lower than those which the co-operative stores, with their inferior buying power, could hope to demand. The superiority of management of these capitalistic ventures gives an increased advantage to their popularity and influence. The mail order system of the large departmental stores reaches even the most isolated farmer and no small co-operative store could hope to cope with this service.

It is hard to imagine a movement as successful as that of Great Britain in Canada. The population is not as great or of the same kind, in the first place. The nature of the people is different. Many of the less prosperous own cars and other small conveniences and in such an economy the pennies saved by co-operation are unimpressive. The movement has been relatively unprogressive for many years and there is no reason to suppose a sudden outburst of enthusiasm for its doctrines.

However, it must be admitted that the ideals of co-operation have a great attraction to the minds of people. When it is discussed with them, they agree that it is a good thing and that it would be the best way to end depressions and capitalistic oppression, but to get them to join or initiate a co-operative society would be a difficult matter.

A few new lines of endeavour in the field of consumer co-operation seem to hold forth every chance of successful development. Of these, the operation of bulk oil stations is the most promising. These gasoline and oil stations need very little equipment and function on a minimum of operating costs.

When first started the difference between the local station and the tank car prices was approximately ten cents a gallon in the Western Provinces. Manitoba has developed this type of co-operative further than the other provinces. In 1927, the Board of Railway Commissioners (influenced by the large oil companies) stopped direct buying from railway cars, on the grounds of fire hazards and this brought incorporated co-operative oil associations into being. The railways agreed to treat these societies on equal terms with the large oil companies and consequently, leased sites for their stations on railway property at nominal rates.

In these associations capital stock varies, with shares from \$5 to \$25.00. The co-operative principles of one member, one vote, no proxy voting, a maximum of 7% on capital shares, and distribution of surplus on basis of patronage, are enforced. The staff required to operate a station consists only of one man, with a truck driver added if delivery service is given. This gives a very substantial saving and the societies are expanding rapidly. In 1935, the sales were over \$500,000 for the 19 societies which reported to the government, with an average net surplus of 5.32% on sales.

It is hardly likely that co-operative oil stations would prosper in our larger cities. The stations in the west fulfilled a need caused by high prices. It is quite possible, however, in districts such as Northern Ontario and Nova Scotia, where gasoline prices are high, that their development would succeed.

THE FUTURE OF CONSUMERS' CO-OPERATION IN CANADA

CHAPTER VI

Predictions of the future for consumers' co-operation in Canada are necessarily highly conjectural. The available statistics do not lend themselves easily to comparisons of the rate of growth; nor do they give us a full picture of the Canadian movement. The different methods of compiling farmer and urban statistics also lead us into difficulties. The difference in provincial bureaux is still another factor which leads to confusion.

The predominance of producer co-operatives in Canada is a great hindrance when we try to compare European co-operatives in which consumers are foremost. In Europe, co-operatives start as consumers, their ultimate goal being the production of their own commodities. In Canada the system is reversed in the majority of cases, with large marketing organizations developing first and later adopting consumer activities as a sideline benefit to their members.

Thus our predictions and comparisons must be general and for the most part based on personal observation and beliefs. Co-operative writers are everywhere expressing very high hopes for the movement and often we see pamphlets which declare an assured future success for co-operation, citing figures of a few sound societies as a basis for their arguments. On the other hand, there is very little literature to be found which utterly denounces co-operation. Some magazines backed by large interests, have articles which dispute the claims of the

movement as to its ultimate goal, but on the whole, the popular trend is to laud and praise co-operation. This trend is exemplified in the interest of governments, such as the United States, which are investigating the movement as to the financial depression of late years.

It seems clear that something besides the co-operative spirit and the "divi" is needed to bolster the movement in Canada. As discussed above, the lure of the dividend has not acted in the same way on this continent as in Europe. If co-operative business could be based on cost prices as in Russia, this might prove a solution to the problem. Of course, such a departure would involve an immediate conflict with private traders and would develop into a serious trade war.

The idea of a co-operative spirit seems unreal and non-appealing to the people of this continent. When a society fails, its demise is blamed often to its lack of co-operative spirit. This spirit is a vague thing and entails much self-sacrifice by the members for the society. To have the true spirit, members must also be well-educated in co-operative ideals. They must put the society first and spare no efforts in supporting it loyally. Such a devotion is hard to imagine among our hard-headed fellow citizens. In fact it is difficult to believe in the existence of any such form of society in the world. It is true that a few men in each society may have such a spirit but on the whole these firm believers are only a small minority. Thus we cannot hope that the co-operative spirit will provide the spark needed by the Canadian movement.

"Consumers' co-operation, as an economical system, owes its success to its economic superiority over competitive distribution. ⁽¹⁾ It is very doubtful whether co-operation in many industries and districts in Canada will ever have such an economic superiority. The widespread population can be more handily serviced by large mail order houses than by any co-operative methods of distribution. Countless industries are unsuited through capital requirements and fluctuating demands to the co-operative form of business. Of course, the co-operatives gain through their savings of advertising expenses, but in Canada this is more than offset by the mass buying of the chain stores. If a powerful co-operative wholesale society were formed in Canada this disadvantage could largely be remedied.

By the year 1929 three provincial wholesale societies were in operation in Alberta, Saskatchewan, and Manitoba. The success of the ventures has not been very remarkable and might even be ^{called} disappointing. There prevails a great deal of reluctance to give up former private trade relations. Managers find it difficult to refuse the business of people with whom they have dealt for years. Traders have been known to undersell the wholesalers to put them out of business. Several ideas have been put forward to avert this disloyalty to wholesalers including the signing of a compulsory contract to buy the wholesale's goods. Such a course might lead to laxity and inefficiency by wholesales. Undoubtedly a powerful wholesale society would give co-operation in Canada a great boost. If savings

are to be made through distribution, the best way to achieve them is through mass buying and no individual society is in a position to do this. A large wholesale would also be able to buy and trade more economically with similar societies in foreign countries. Unification and centralization would be the direct result from such an organization. What the Canadian movement needs more than anything else is some factor to bring all the societies together, to strengthen them and to give them such centralization with unified aims and a concerted consistent policy.

The greater mobility of the American workingman as compared with that of the Englishman, has been declared a factor which contributes to the lack of co-operative success. Canada's winter has added to this mobility, as has also the great harvest on the western prairies. The lumberjacks of the winter season become the longshoreman of the summer. To give consumers' co-operation a fair chance of success a stable and a loyal membership is necessary. Very few districts offer such conditions to societies in this country.

Large cities although having the advantage of a more congested population have not become centres of co-operation in Canada. The competition of the departmental store, the chain store, and the corner grocery, leaves no room for such enterprises. Perhaps, heretofore, the wrong tactics have been used, but to date the large cities have been extremely unsuccessful in co-operative attempts. It seems quite possible, however that if under an efficient manager, a co-operative could be formed

with a homogenous membership from a small district, then success would be assured. Here again, we are faced by the problem of consumer consciousness. Under our present standard of living, many of citizens will never become interested in co-operation. Thus, we would find it very difficult to obtain an intensive membership for any society no matter how powerful it were. The only possibility of acquiring such a membership would be in a manufacturing district inhabited by workers whose need would foster the movement. Another spark which might conceivably lead to organization among the middle classes is that of dissatisfaction with the present capitalistic system and the general state of affairs. This is true of one club in Montreal whose members are confident that social dissatisfaction will give their society the same impetus which the Rochdale Pioneers received from their poverty.

The British Labour Movement has been actively associated with the co-operative movement for many years in England. Such an association has been similarly affected in Canada. However, the labour societies in this country are very weak in comparison and have not the wide influence of those in the Mother Country. In several cases the Labour Unions have tried to initiate societies here without a true knowledge of co-operative ideals, and their subsequent failures have done much to deter the movement and blacken its name in the eyes of the workers who should be its mainstay.

Many years ago, Earl Rosebery, when Prime Minister of Great Britain, declared the British Co-operative Movement to

a "state within a state". The idea of the Co-operative Commonwealth has often been expressed but never really explained fully. The closest we can get to an explanation is a conception of a state in which production for use and economic organization based on men's needs, is prevalent. Not by the wildest stretch of our imagination could we apply such a phrase to the Canadian movement. The scattered groups with no unity or complete central government have not the slightest resemblance to a state. Even the government is compelled to admit defeat when it attempts to acquire co-operative statistics and to differentiate between the various forms of societies.

One of the great problems of co-operation in this country might be described by the phrase "genuine and imitative co-operatives". There is every type of organization imaginable in our Dominion. On the surface they often appear similar, but under their structure are quite different. A great many societies are merely joint stock companies using the popular name "Co-operative as a bait to consumers. Others take the form of trade discount agencies in which agents are willing to supply almost any kind of goods at a discount. This type along with associations of retailers clubbed together for mutual advantage are becoming more prevalent in the larger cities. It is against these societies that the Canadian Co-operative Union is directing its influence and for these reasons it is necessary to require strict regulations of all societies joining the union. As suggested by A. E. Richards, Agricultural Economist for the Dominion, it would be well if the name

co-operation could be patented.

Consumers' co-operation in Canada differs from most countries in that a large proportion of co-operative societies are self-employing food producers. (2) The great marketing societies of the west are trying to get the best price for (3) their produce and are not regarding the consumer standpoint. Their primary aim is to reduce the costs of farm production rather than to lower living costs. In contrast to this consumers' interest is the social interest and thus, we get the claim that only consumer co-operatives contain a true co-operative idealism.

Consumers' co-operation is not a very vital factor in this countries economy today. For over eighty years now, it has struggled along, but has not yet completed any outstanding achievements. Growth has been slow and failures have been frequent. If it were not for the producers' co-operatives the size of the consumer movement would hardly be appreciable at present. Thus, we cannot be optimistic in looking at the future.

It is quite possible that the movement may develop into a major position in the Canadian economic structure but such a development will only be achieved by changes or deviations from the present system. The cruel truth of the matter seems to be that there is a very real lack of co-operation among the co-operatives. There is no united action, no mutual zeal, no

(2) Canadian Co-operator - Jan. 1, 1936.

(3) Patton - "Grain Growers Co-operation in Western Canada" - Page 313.

concrete goal to be achieved by the movement.

The Province of Saskatchewan has done more to bring about a unified organization than any other. Its governmental department and statistical records might well be copied by the other provinces. Such a step would do much more to foster co-operation in Canada than the organization of hundreds of new societies. The farmer class is predominant in co-operation today. The United Farmer organizations in the different provinces are less powerful than in former years but it is quite possible that reorganization may revive them. On the whole, the farmers are hardly in a position to adopt true Rochdale ideals in co-operation. As a class, they are predominantly borrowers. Thus, credit operations are necessary in all their dealings, a fact which has led to many failures. Lack of capital will necessarily limit farmer ventures in the field of co-operation. Sparse settlement, mail order competition, the preference of immediate savings to dividends, the heterogeneous and immigrant population all add to the limitations put on consumers' co-operation in farmers' societies. (4)

In some countries, plans have been devised whereby assistance is given to co-operatives by the government. Such a course would only compel taxpayers to pay for an illusory saving of a certain group of consumers. The introduction of government subsidization also tends to make co-operation a political football. Thus, it would be best if our government would try only to unify and centralize co-operative societies

(4) Ibid - Page 320.

and not to subsidize and give them unnatural advantages over private business. If they are truly co-operative and private trade is reaping the large profits, it is everywhere accused of, then there is no reason why they should not succeed.

Whether or not, consumers' co-operation in Canada will always be held back by lack of unity, the difficulties of mass production, the temperament of her people, the spread of her population, the predominance of producers' co-operation, and the lack of continuity in legislation, is a question which only the future may answer. Much hope may be held for certain types of organization, but for others, the end seems certain. It is very difficult to compile from such generalizations and estimates as are available, any comprehensive conclusions as to our Canadian co-operative outlook, but unless some factor arouses the movement from its lethargy, it cannot possibly ever hope to become a real factor in our economy.

ADDENDUM

Since the incorporation of this thesis, I have received further information in a partial report of the "Montreal Survey on Co-operation (1936)". I will try to state below the conclusions of this report and also to note any interesting developments not included in my work.

The first section of the survey is devoted to the factors which have caused the present interest in the Co-operative Movement throughout Canada and which were also the cause of the survey. These factors included:

- (a) The general economic situation and crisis in capitalist economy.
- (b) Revelations of the Price Spreads Commission.
- (c) Public investigations of distributions of coal in Eastern Canada.
- (d) Visit of Dr. Kagawa and his message on Co-operation.
- (e) Public attention aroused by President Roosevelt's European Commission.
- (f) Books and articles on movement in Europe.
- (g) Sympathetic view of leaders of all three major Canadian Political Parties.
- (h) Extension work by St. Francis Xavier University.
- (i) Observations of Dr. R. Roberts, D. D., Moderator of United Church of Canada, Hon. R. B. Bennett in House of Commons, and others.
- (j) Support of Church Bodies and Church Leaders.
- (k) Publication by research organizations of data and urging Co-operative Development.

The survey is an attempt, also to answer the query "Is co-operation a third option to Communism and Fascism?"

At present there are five Co-operative Societies organized in Montreal and federated into the Montreal Co-operative Council. The Council consists of four members from each society, which have all been regularly incorporated under the Quebec Co-operative Syndicates Act and are recognized by the Co-operative Union of Canada. Prior to 1934, the Council was open to any individuals interested in co-operation but after a rupture in the organization, the new and improved system was originated in 1936. The movement in Montreal has attracted practical and far-seeing members whose systematic and efficient planning should create results in the future. The report, however, suggests that a reorganization of finances would be of great benefit to the Council.

THE STRENGTH OF MONTREAL CO-OPERATIVES - SEPTEMBER 30, 1936

<u>Name of Society</u>	<u>Area of Operation</u>	<u>Mem. bers</u>	<u>Share Capital Paid up</u>
St. George Society	Central Montreal	27	\$ 15.00
Co-operative Services Society	North End & Outremont	28	\$ 48
Verdun Co-operative	Verdun	188	\$272
Montreal Co-operative Society	Maisonneuve & Hachelaga	165	\$910
Co-operative Society Ltd.	West End	---	----
West End Co-operative	West End	25	----
Greenfield Park	Greenfield Park	25	----
Total		459	\$1245

The Co-operative Movement is therefore, as yet, but a small movement; but it is growing rapidly.

The first co-operative in Quebec Province was a farmers' club founded in Quebec city under the patronage of Lord Dorchester, Governor General in 1789. The early agricultural associations were interested mainly in acquiring new machinery and improving husbandry.

Consumers' Co-operatives have never experienced any particular success in Quebec. For a while there was an active Society in Lachine, and also a store at Valleyfield which is still in operation today. Fifteen years ago a store was opened in Verdun but due to the religious and philosophical ideas of its manager, it was liquidated. A Masonic Co-operative Society functioned for a brief period, but finally discontinued its activities although a remnant still continues as a commission buying agency. A society in Maisonneuve after the war was a failure due to wrangling members and a dishonest manager. Consumers' societies in rural Quebec have met similar fates and in 1934, the Provincial Minister of Trade and Commerce stated, "that while the Caisses Populaires have been an unqualified success, Co-operative Stores have today completely vanished."

A recent development is the development of supply purchasing by L'Union Catholique des Cultivateurs de la Province de Quebec Incorporated. This organization had 91 local syndicates, 519 clubs, and 11,168 members in 1932.

"By and large, up until a few years ago Consumer Co-operation in Canada could hardly be said to have proven an unqualified success." However the survey is more hopeful for

developments since 1925. It shows how 50% of the societies affiliated with the Union of Canada have been affiliated since 1929. Figures for Quebec Agricultural Co-operatives are also given, showing developments since 1900. In this field, 99 of 158 societies, or 62%, have been incorporated since 1930.

Maritime developments consequent on the adult education of the St. Francis Xavier University are also cited, showing 45 Credit Unions, 8 Co-operative Stores, 10 Buying Clubs, 5 Co-operative Fish "plants, 14 Co-operative Lobster Factories, 2 Community Industries, and one Co-operative Health Service, all established since 1930.

The survey in general agrees with my own observations and says that the present need in Canada for co-operation is "a strong national organization which will unify, co-ordinate, and develop the movement." The foundations of such a body were laid in 1909 in the Co-operative Union of Canada, but as the report points out, less than 50 of the 1173 functioning associations existing in 1930, have seen fit to affiliate with and support the Co-operative Union. The reasons for this are not clear as the Union has done a meritorious service in spite of its meagre resources. Another need is increased "co-operation" between Co-operative Societies.

Due to recent developments and activity, the reports anticipate greater success of consumer Co-operation in Canada. The fate of the pre-war boom in co-operation has provoked caution and today the growth of Study Circles and Buying Clubs is in keeping with the policy, "No Co-operation without

preparation". Canadians are no longer a pioneer people enjoying the upswing of the economic system, but are today experiencing the same type of economic insecurity which led the Rochdale Pioneers to their self-help system. Though the future of co-operation is uncertain, the interest being shown in its operation today holds forth a glimmer of hope for its development.

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