

AGRICULTURAL CO-OPERATION
IN ONTARIO

by

DONALD MERRITT

Thesis Submitted for the Degree of

BACHELOR OF ARTS

in

HONOUR POLITICAL ECONOMY

McMASTER UNIVERSITY

May 1942

CONTENTS

| Chapter | | Page |
|---------|--|------|
| 1. | Agricultural Co-operation | 1 |
| 2. | The History of Agricultural Co-operation in Ontario before 1914 | 11 |
| 3. | Co-operative Legislation in Ontario | 19 |
| 4. | Co-operation during the War of 1914-1918 | 26 |
| 5. | Post-War Period 1919-1929 | 43 |
| 6. | Agricultural Co-operation during the Period 1930-1940 | 64 |
| 7. | The Future of Agricultural Co-operation | 95 |
| | Bibliography | 111 |

CHAPTER 1

AGRICULTURAL CO-OPERATION

'Democracy', the embodiment of all we hold dear in our national life, has come to be the banner under which we as Canadian citizens have made sacrifices heretofore unknown in our experience. We have seen millions of people forced to submit their wills to a dictator and we have fought for the preservation of the precious heritage of freedom which we enjoy in rule of the people, by the people and for the people.

The principles of democracy are to a large degree the principles of co-operation. What better example of co-operation is there than that of the people of the British Empire working together in one great sacrificial effort for the accomplishment of a single purpose. That is co-operation; but we are here concerned in a narrower sense with co-operation and the co-operative society as an economic principle. The individual or nation looks to democracy as the only hope for justice and liberty. The co-operator, or member of a co-operative society, looks to co-operation with his fellows as the solution to his economic problems of sale and purchase. But, as in the example of the British people, true co-operation requires more than a selfish motive. It is the uniting of the members for the good of all. Agricultural co-operation is the uniting of farmers in a co-operative society.

The farmer is an independent productive agent, just as is a large manufacturing company. The manufacturing company

carries on a sufficiently large volume of business to allow it to deal directly in world markets, whereas the volume of production of any one farmer is immaterial in world or national trade. It is only through the co-operative society that the individual farmer finds that strength through union whereby sufficient volume of either sale or purchase of agricultural commodities can be made to command a place on the markets.

A study of co-operation naturally begins with the Rochdale pioneers, the founders of the movement. A century ago one of a group of twenty-eight flannel weavers, in the town of Rochdale, England, convinced his fellow craftsmen that he had a plan for a consumers' co-operative-- a plan which was to prove superior to that on which numerous failures in co-operative enterprise had been founded. The plan was to set up a retail store, using their own capital and sell to themselves turning any profits back in the form of dividends in proportion to the amount purchased. A year of perseverance resulted in the saving of one pound apiece to be used in the purchase of goods and rent of a store. The membership grew from 28 to 74 with a total volume of business of \$3500 during the first year.

Three cardinal principles were the basis on which the Rochdale co-operative developed. (1) One member, one vote irrespective of the amount of capital invested. (2) Any capital invested shall not receive more than the prevailing current rate of interest. (3) After interest on capital, reserves and education are provided for, surplus earnings must be returned to members on the basis of their purchases

or patronage.

A modern parallel to the Rochdale pioneers' society may be found in the co-operatives and credit unions of the Maritimes. The parallel is one of weak men combining to conduct the ordinary business of life that they may develop their own welfare and that of their fellows. The modern aspect of the Maritime societies is in the leadership provided by St. Francis Xavier University. This is a case of men with trained minds using their knowledge for the practical good of people suffering economic hardships. This leads to another principle of co-operation namely that it offers its greatest advantages in the service of the economically weak. Co-operation is concerned with free men in self-regulated action.

Co-operation is an association of the weak which implies that the society formed is, atleast at first, also weak. The co-operative is weak in the beginning; but the purpose of co-operation is that each member might attain economic stability through his society growing in strength. A co-operative society may grow in strength to resemble an Industrial Combination but its principles demand that there be a different attitude toward non-members. The fatherly arms of the co-operative society must ever be stretched out to the weak of its own kin inviting them to become partners in helping one another.

We might, therefore, further define a co-operative society as "an association for the purposes of joint trading, originating among the weak and conducted always in an un-

selfish spirit, on such terms that all who are prepared to assume the duties of membership share in its rewards in proportion to the degree in which they make use of their association."⁽¹⁾ Membership is voluntary but each member is expected to be loyal to the interest of the society as a whole so long as he is a member.

Co-operation implies a bond of union over and above the business tie. The members join together for the attainment of some business purpose. It will relieve them of many important business duties individually difficult. An efficiently operated co-operative provides a certain sense of security and satisfaction to its members. They learn to deal with one another and those outside them in a spirit of generosity and justice. Education has become a necessary prerequisite to the forming of a co-operative society as proven to us by the example of St. Francis Xavier. Small groups come together to study with one common purpose in view. The result of such study groups is the uniting of the community or of people interested in the production of a commodity, without respect of race or creed. People's minds are stimulated to think out problems vital to their own interest. We have in such combinations of fertile minds the necessary material for a flourishing democracy.

There are four different types of co-operative society, namely, the purchase of wholesale society; the consumers' or retail society; the sale or producers' society, and the credit bank. The farmer is in a better position as compared

(1). C. R. Fay.

with the urban dweller to make use of all four types and to unite them under a national union. In other words, the farmer is both producer and consumer, whereas the urban dweller is in the main, consumer. The latter is interested in all types except the producer society. Agricultural co-operation therefore comprises rural credit co-operation, co-operative purchase of farm equipment and supplies and co-operative processing and marketing of agricultural products.

Agricultural co-operation is peculiar in that it is the combination of a mass of individual business units. It is a matter of farmers combining in a co-operative society in order to maintain their individual identity. The farmer need not fear for his individualism because he is in a position to watch the business of his society. He will know not only that he has received the best price possible for his goods, but that the whole of the selling price, less necessary and accountable costs, is being returned to him. The farmer realizes his inadequacy and weakness as a business man to compete with middle men in the form of wholesalers and retailers. The members of an agricultural co-operative therefore assume certain functions of organization and management hitherto neglected, inadequately performed or performed in other than the farmers' interest, by third parties.

Agricultural co-operation in the producers' field has provided competitive regulation of other business agencies with respect to standards of quality, merchandising methods and excessive profit. The members become educated to standardization of grade and pack of the kind and quality

of products demanded by the market. The co-operative is in a position to keep in touch with market trends and to provide a means of influence through collective bargaining. The producer benefits by reduction of waste and more efficient marketing, while at the same time the consumer benefits from better quality of product and improved service.

Past experience is the best guide to an understanding of the possibilities and limitations of this method of doing business. In the first place, money is required to establish a co-operative and to build up reserves for education and other purposes. A producers' co-operative organized by commodity rather than community has proven more successful. "A sufficiently large volume of business is necessary to (a) lessen the overhead; (b) provide more rapid turnover; (c) reduce the margin necessary to cover expenses; (d) secure efficient management."⁽²⁾

Co-operation serves to control the growth of monopoly but at the same time substitutes a different form of monopoly, that of producer and consumer monopoly. The patronage dividends are restored to the community rather than form the profits of a comparative few.

Co-operation has created a challenge to monopoly; but its greatest use has been in sharpening competition both in the producers' and consumers' field. Agricultural co-operation frequently represents a combination of both these types. Price is an important factor in competitive markets.

(2) Geo. S. Mooney

Co-operatives To-day and To-morrow

It is, therefore, a great advantage for the farmer to purchase implements and supplies, necessary for production, as cheaply as possible. For this reason many co-operatives purchase supplies such as fertilizer, feeds and machinery, with some attempting manufacture of such goods. The combination of sale and purchase in agricultural co-operatives, has been very effective in Canada. Producers' co-operatives have also flourished; but purely consumer co-operation has had a high mortality rate. The fact that membership was scattered over a wide area has been a contributing factor to failure of consumers' co-operatives while at the same time working to the advantage of producers' co-operatives, as seen in co-operation for the sale of wheat in Western Canada.

Consumers' co-operatives have flourished on the British Isles since their beginning by the Rochdale pioneers. The first co-operative store in Canada was opened at Stellarton, Nova Scotia, in 1861. This society grew and was successful for 53 years under its manager and originator; a man who had gained his experience in the Old Land. In 1914 a dividend of 5 percent was paid on purchases and in the same year the manager retired. The society failed two years later. Consumers' co-operatives, in Ontario, date from 1878 but were short lived since they failed before the turn of the century. In 1903 an association was formed at Guelph which was to prove of considerable success. It was founded by a group of workmen in protest of the high price of bread and began with a bakery. Later this co-operative branched out to include a grocery and meat store, a boot and shoe

department and a coal yard. A cash and carry groceries was set up in 1925 to meet competition from chain stores but in that year the society failed.

In the late 90's and in the following decade, when the increasing cost of living put greater pressure on the wage-earners, co-operative stores were opened in many towns. Another wave of co-operative activity followed the rising prices during and after the war of 1914-18. But the more individualistic character of the population and the higher standard of living made possible by higher wages appear to have rendered consumers in Canada less inclined to co-operative effort than in the older countries of Europe. Many co-operative societies have languished for lack of funds, suffered from poor or indifferent management and lacked the enthusiasm of a membership of genuine co-operators. The year 1938 witnessed the beginning of another wave in the development of consumers' co-operatives in Canada. Their success can as yet only be a matter of conjecture.

Producers' co-operatives have found their highest development in primary producing countries of which Denmark and Sweden are notable examples. Co-operative dairy societies were set up in Denmark in 1882. From this beginning in agricultural co-operation the movement has spread to take in every branch of agriculture and to market over 80 percent of agricultural produce. Co-operation in the manufacture of butter and cheese is among the earliest forms of producers' co-operation in Canada originating in Saskatchewan in 1896.

These societies have spread throughout the Dominion; Quebec now claiming the largest number. Producers' co-operatives have spread to take in the principal branches of agricultural production, although in many cases to a very limited extent. In no other branch of co-operative activity in Canada has the business transacted reached such a volume as in the sale of agricultural products. This volume of business is mainly due to the development of grain growing in the Prairie Provinces and the co-operative organizations formed to market it.

Canada also has her co-operative banks or credit unions which have flourished since 1900, principally in the province of Quebec. Exploitation, of poor borrowers by infamous usurers, prompted Alphonse Desjardins, a journalist of Levis, Quebec, to seek a solution in co-operative banks. He studied them as originated and developed in Germany about 1850 by two men, Schulze-Delitzsch and Raiffeisen working independently on two aspects of the problem. The first co-operative credit society was set up at Levis in 1900.

In 1906 a provincial law was enacted to govern the operation of the co-operative banks in Quebec. An amendment passed in 1915 required annual reports to be submitted to the Provincial Secretary. Loans are made only to members holding shares of five dollars and must be repaid at fixed periods. A board of management has the general direction of each bank, but a committee on credit of at least three members passes on the loans and audits accounts. All these services are given free of charge and aid in keeping

the costs of operation at a low level. In 1914 operating expenses of the bank at Levis were one-seventh of one per cent of the business carried on during the year. Co-operative banks of the Desjardins' model have been largely confined to the French-Canadian population.^(3.)

Bills were introduced into the Dominion Parliament during the years 1807-1914, making special provision for the establishment of co-operative credit societies, as well as trading societies but were all defeated. In 1923 Dr. H. M. Tory was authorized by the Minister of Finance to make an investigation of agricultural credit. His report expresses the opinion that the establishment of a short term credit system in Canada would be much more difficult than in Europe or the Province of Quebec where uniformity of population and permanency of family relations create the exact conditions under which co-operative methods flourish. However, with proper supervision and control a plan could be worked out leading toward the realization ultimately of financial control and therefore independence by the farmers themselves.

CHAPTER 2

THE HISTORY OF AGRICULTURAL CO-OPERATION IN ONTARIO BEFORE 1914⁽¹⁾

Agricultural co-operation was not a marked success in Ontario before 1914. Although several societies flourished, many met defeat. In the majority of cases, success was the result of following sound co-operative principles under good management while failure resulted from inadequate appreciation of these principles both by management and membership.

A great many but generally unimportant early efforts were made, before 1875, in Ontario, among the members of the Grange or Patrons of Husbandry. The Grange Movement, inaugurated to unite agricultural producers, spread to Canada from the United States in 1872. Their purpose was a worthy one but, for the most part, they lacked a working knowledge of co-operative principles.

The Lennox and Addington Grange members clubbing together to bring out farm hands from England in 1875 marks the beginning of successful local co-operative efforts. The success of the same group, co-operating in the storage, shipment and sale of over 300,000 bushels of grain in 1876, led to the formation of the Grange Co-operative Co. The Company was incorporated by government charter and a store opened at Napanee, following the Rochdale plan.

The Dominion Grange, which had been formed in 1874,

appointed the manager of the Napanee store as their agent. The agent was to fill wholesale orders sent to him by subordinate Granges for household and farm supplies. The goods were ordered in the name of the Grange Co-operative Co., but shipped direct from the manufacturers to the Subordinate Granges. The volume of business soon became too great to be handled through Napanee and the Grange Wholesale Supply Co., with premises in Toronto, was organized under government charter in 1879. Failure came shortly after 1894 as the result of trouble with two successive managers and the resulting loss of confidence among members. Many co-operative stores were set up throughout Ontario but the Norfolk Grange at Renton was the only one which continued on purely co-operative principles after 1894.

While the Grange movement was still flourishing on a community basis, many agricultural co-operatives were being formed on a commodity basis, for example, co-operatives among Fruit and Vegetable Growers, and among Dairy Farmers. Such organizations have proved very successful in areas suited to the production of a particular commodity.

Co-operation among fruit growers came as the result of government inquiry into the state of the industry. The government's inquiry was prompted by poor methods of handling fruit and the exploitation of producers by middle men. Four suggestions, aimed at remedying the situation, were made: (1) the marketing of fruit in large lots; (2) cultivation of fewer varieties; (3) a system of uniform packing; (4) the employment of skilled salesmen. Co-operatives were

suites to carry out these principles and by the summer of 1906, twenty-one co-operative societies had been formed in Ontario. This number had been increased to fifty-five by 1913.

The Burlington Fruit Growers' Association was among the first of the fruit growers' co-operatives. Beginning in 1882 the association shipped apples to England. Pears were sent in 1892 and shortly after softer fruits. The venture was a success from the beginning and annual shipments were made thereafter.

Central packing houses were a necessary part of fruit growers' co-operatives, if a standard of quality was to be maintained. Along with these packing houses cold storage plants became necessary if fruit was to be held to take advantage of the best conditions in a fluctuating market. Cold storage plants were made possible by an Act of the Ontario Legislature covering this phase of the co-operative movement. In 1887 the St. Catharines Cold Storage and Forwarding Co. was formed, followed by the Chatham Fruit Growers' Association in 1898 and the Walkerton Association in 1902.

Fruit growers' co-operatives were the most successful form of agricultural co-operation during the early history of the movement in Ontario. Their influence became really effective among fruit growers about 1909; having been hindered by a lack of the co-operative spirit among producers. Once the co-operative method did take hold, however, the improvements in the industry were enormous. Growers were educated in the scientific handling of orchards and were

taught greater care in harvesting fruit. A uniformity of pack and sale of large quantities of any one variety, through combination of the relatively small quantity of each producer, allowed for precision in marketing. Economies were effected in the purchase of packages and the elimination of waste in sale, while the grower benefited still further by receiving a higher price for his graded product along with part of what had been the middleman's profit.

There were three main types of fruit marketing societies in Ontario: apple associations, shipping mainly to Western Canada or European markets; general fruit associations supplying both domestic and export trade and small fruits associations shipping to home markets. The majority of societies in the general and small fruits groups began with a very loose form of organization. Few had any real understanding of co-operative principles; this brought failure to some while others succeeded in following a type of co-operative plan.

The Burlington Fruit Growers' Association is an example of one form of simplicity in organization. This association had neither constitution, by-laws, capital nor warehouse. The agreement between members was verbal. Each grower packed his fruit under his own name awaiting instruction of the manager where to ship it. Another method was carried on by the Oshawa Fruit Growers' Association. The association is co-operative in character, selling fruit for its members. At the same time a joint stock company formed of members of the association managed a central packing house, charging

a fixed rate per barrel of fruit passing through its hands. The St. Catharines Cold Storage and Forwarding Co. presents still further features of interest. It began as a joint stock company and worked toward the cooperative ideal. Stock was divided equally among members by setting a maximum holding of \$50 per member and transforming surplus stock from old to new members to achieve this equality. The company did a considerable purchasing business as well as marketing.

In 1906 the Co-operative Fruit Growers of Ontario was inaugurated as a result of the Departments of Agriculture in Ottawa and Toronto joining to federate scattered cooperative societies: thirteen societies joined. The central association aimed at securing a higher grade of fruit and informing societies of market trends both in prices and quantity and quality of fruit offered. In 1908 the purchase of orchard supplies for affiliated societies was begun; this being done through the St. Catharines Society.

There were a few scattered co-operative associations in operation among vegetable and seed growers before 1914. The Rainy River Potato Growers' Association with six local branches was one of three such organizations doing business in 1914. The Rainy River society did \$18,000 worth of business in 1913; dealing in all kinds of farm produce and doing their business with lumbermen and railway contractors. Goods were paid for at the shipping point through bank credit secured by means of joint and several notes of the members. Other examples are those of the Independent Vegetable Growers

of Sarnia, the River Front Corn Club in Essex and the Grand River Alfalfa Seed Centre of Haldimand County. The Scotland Onion Growers' Co-operative Association was inaugurated in 1909. The association erected a frost proof storage and marketed onions in carload lots; obtaining a 50% increase in price for their perseverance.

In 1903 the Kent Farmers Produce Co. Ltd. was formed in the bean producing district of Kent County as the result of buyers attempting to regulate the price paid to farmers for their beans. The Company branched out later to include other grains, seeds and farm supplies in its business. The setting up of a feed grinding outfit was another result of the success of this co-operative operating on a joint stock basis.

The formation of flourishing co-operations among dairy-men for the processing and marketing of dairy products emerged from many poor attempts and failures in co-operative organization. Men encouraged by the success of Danish and British dairy societies were the leaders in the movement. In attempting to duplicate the system of the old land they stressed production to the neglect of marketing. In some cases they started business with too few patrons; and therefore handling the milk of only about one hundred and fifty cows as compared with the six or seven hundred considered necessary in Denmark.

There were approximately 327 Co-operative cheese factories, Creameries and combined factories in Ontario in 1914. These were of two types: (1) co-operative factories owned and

operated by the farmers who supply the milk; a cheese and butter maker was engaged either on commission or salary; (2) a joint stock company, in which a limited number of farmers owned and operated the factory, both supplying milk themselves and purchasing from non-members. Non-member patrons could become members by buying stock in the company.

In 1908 the Farmers' Dairy Co. was organized for the sale of bottled milk in Toronto. This company was formed by shippers in the Toronto Milk and Cream Producers Association who felt they were at the mercy of the dealers in fixing prices. The association had not carried on a commercial business but had attempted to secure more uniform prices for its members, and had been responsible for the passing of the Milk Can Bill standardizing the size of milk cans. The Farmers' Dairy Co., though co-operative, was organized on a joint stock basis, handling the milk of its shareholders. In addition to the premium on stock, it paid its shareholders a better price per can for milk than paid by private companies in Toronto.

Attempts at Co-operative Meat Packing Associations in Ontario were short lived, due to competition from commercial packing houses offering a slightly higher price. The members lacked an understanding of co-operative principles, or else they would not have deserted their co-operative. Successful forms of local co-operation for the supplying of meat were found, however, in the beef rings. A group of farmers would combine to supply themselves with fresh beef; each member in turn supplying an animal.

In 1912 the Dundas County Co-operative Poultry and Egg Association was organized and by 1914 there were twelve associations affiliated with it. Nine independent circles were organized in Ontario county. The Poultry Division of the Live Stock Branch of the Dominion Department of Agriculture became interested in the work in 1913 and during that year twenty-five circles were started, thirteen of these being in Ontario and Quebec. The plan was usually to provide each farmer with an individual rubber stamp to mark each egg. The manager would collect, grade, and sell the eggs apportioning the returns among the members according to the quantity and quality of eggs forwarded by each.

Farmers' Clubs, doing considerable purchasing for their members, were numerous in Ontario in 1914. The Erie Farmers' Association is one example of 185 then in existence. This club was a branch of the local Seed Growers' Association. An amount equal to thirty dollars per member was saved in 1913 on the purchase, through the club or association, of goods such as cement, corn, oats, fencing etc.

This period in co-operative enterprise in Ontario was one of success and failure, but the ground was broken and experience gained in co-operative methods which would prove of infinite value to succeeding co-operators. The development was characterized by a period of informal community enterprise followed by organization of local associations under joint stock legislation. These joint stock companies, in practising the principles of co-operation, were paving the way for special co-operative acts and government recognition of the co-operative form of business enterprise.

CHAPTER 3

CO-OPERATIVE LEGISLATION IN ONTARIO

Co-operatives in Ontario are required to be incorporated under Part XII of the Companies' Act thus acquiring the status of a limited liability company. Such associations must be operated on a co-operative basis, and made subject to the provisions of the Act by letters patent. Characteristics which identify co-operatives today are based on the principles founded by the Rochdale pioneers. These rules as found in Part XII of the act are briefly: one member, one vote; no member shall vote by proxy; distribution of the surplus funds annually on the basis of (1) interest on paid up capital at a rate not exceeding 8% per annum, (2) division of the remainder among the members according to the amount of purchases made by each individual member from the Association.

The application to organize and incorporate a co-operative association in Ontario is forwarded to the Provincial Secretary in the form of a memorandum signed by at least five persons who are to become members. It must state the name of the association, the place of business, the objects of the association, the amount of capital stock, the issued stock and the par value of shares, and be accompanied by a copy of the by-laws of the association. The by-laws are the regulations which govern the operation of the proposed society as adopted by the membership. These regulations must comply with the Act and deal with such matters as the bonding of officers and employees, fixing the fiscal year, provision

for dividends and amendments, membership relations, procedure for and dates of the annual meetings, and the policy of the association regarding cash sales or limitations on credit.

The government has given recognition to this type of organization by enacting statutory laws governing the establishment of co-operative societies. The act establishes the legal status of an organization, determines its powers and limitations and charts a general course of procedure to which an association incorporated under the act must conform. Furthermore, incorporation provides a number of safeguards to business enterprise. The corporation is distinct from the membership of the society which establishes the principle of limited liability of the members. Limited liability both protects the individual members and facilitates the raising of capital. Property may be owned and transferred in the name of the company as a result of incorporation.

Capital may be in the form of share or capital notes from members payable on demand. The provision for increase or decrease of share capital when necessary, by action under the Companies' Act, is desirable for a co-operative society in order to insure flexibility and democratic control. Shares must be paid for in cash and are transferable only with the approval of the board of directors. Share capital is thus transferable but not withdrawable. Instances have occurred where members of a consumers' co-operative have virtually withdrawn their share capital by taking credit and not paying their accounts. Share capital cannot legally be liquidated in this way. In Ontario it is possible to in-

corporate co-operatives without share capital. The member is required to invest, during his period of membership one or more loan units of a specific amount, the equivalent of share capital, to finance his trade. The Revolving Plan of investment is becoming popular by which the patronage dividend is withheld for a term of years, at the end of which time the dividend for the first year is paid to the members, and so on each year. Each member is thus required to finance the society to the extent of the business he is doing with it.

A co-operative association incorporated without share capital may expel members who do not use its services or become undesirable. It is the opinion of some writers on co-operation that membership and voting privileges through the purchase of share capital should not be allowed to those who do not use the organization. The subscription of capital is incidental and provided to finance the services rendered by the society. Authority and control should therefore be limited to active members, and where it is found necessary to sell stock to the public it should be of the non-voting type. There are no restrictions on stock holding privileges in the Ontario Act; but it is generally held that there should be a limit on the number of shares permitted to each shareholder.

The surplus earned is returned to the patrons in the form of a patronage refund in proportion to the amount of business done. Non-members dealing with the association

share in the surplus at such proportionate rate as determined by the by-laws of each association. The Ontario Act contemplates a flat rate of patronage dividends irrespective of the type of commodity. Many societies provide for the declaration of different dividend rates on different commodities to insure equitable distribution of the surplus. It might be desirable to have provision made in the act for differential dividends, although opinion is divided upon this point. Some societies reserve the right to credit patronage refunds to members and non-members as payments on new or additional stock.

Up to 20% of surplus may be set aside in reserve fund and 5% for educational purposes before paying a return on invested capital or distributing a patronage refund, according to the Ontario Act. Some co-operatives appropriate liberal percentages to reserve funds with a view to building them up to two or three times the share capital. This may then be used as additional capital rather than calling on the membership for further subscriptions. It is quite possible that shareholders, who do not use the services of the society, may attempt to distribute the assets of the society, including the reserve, to profit on shares at the winding up of the company. The reserve is built up in the form of savings appropriated from surplus which normally goes to the active members in the form of patronage dividends. The making of profit on share capital above a reasonable rate of interest is contrary to co-operative principles. Provision should therefore be made for distribution of the assets to other profits on shares on dissolution of the association or to

restrict sale of shares to active members where possible.

The Ontario Act specifically lays down the co-operative principle of one member one vote in the case of individual associations. This principle is violated to some extent in the case of federations consisting of a society and several branches. The branches are allowed to vote by proxy at federation meetings on the basis of an equal number of proxies for each branch regardless of membership. It has been suggested that where membership is scattered the delegation system might take the place of the individual vote at general meetings. Some federations are in favor of voting power being determined on the basis of dollar volume of business done by the branch.

The United Farmers' Co-operative Co. Ltd. recently passed a by-law giving greater voice in control of company policy through delegate representation at the annual meetings. It also allows membership to unaffiliated co-operatives throughout the province. The by-law states

"Each branch association of the U. F. O. and each local co-operative conforming to Province of Ontario statutes governing co-operative companies may elect one delegate-shareholder for each forty fully qualified members on major portion thereof, to represent it at shareholders' meetings, provided that each branch association or local co-operative holds a number of shares of stock in the United Farmers' Co-operative Co. equal to the number of delegates appointed and provided that the maximum number of delegates from any branch association or local co-operative shall be eight."⁽¹⁾

(1) A. E. Richards Recent Developments in the Co-operative Purchasing of Farm Supplies.

The use of the word "Co-operative" is allowed only to associations incorporated under Part XII of the Companies' Act and must be used in the title of such companies. The restriction on the use of the word is not altogether fool proof. Because of the fundamental difference in structure and purpose of co-operative societies and non-co-operative corporations, the desire for a separate Act for the formation of co-operative societies seems legitimate. There is a need for unifying Provincial Acts so that corporations bearing the title "co-operative" may be based on similar and sound co-operative principles, and given solidarity because of identical features which are nation wide.

Some co-operatives have been organized first as joint stock companies and only gradually revert to complete ownership by all producers or consumers, as the case may be, according to true co-operative principles. Both the Joint Stock Company and the Co-operative Society are unions of men who either own or are in the way of acquiring capital for their business. Genuine co-operation can flourish under joint stock company regulations. The real difference is that members of a co-operative must be prepared to admit to the benefits of their society on proportionately equal terms all those who are commercially as weak as or weaker than themselves, if they desire admission. A joint-stock company may be a closed corporation in which the shareholders are interested in maximum returns on their investment whereas return on invested capital is not the interest of the member shareholder in a co-operative society.

The greatest services of the Co-operative Union of Canada have probably been along the lines of legislation. When the Income Tax was introduced into Canada during the War of 1914-18, the Union succeeded in convincing the Federal Government that patronage dividends were not properly taxable as profits. Complete exemption from Income taxation was secured for producers' and consumers' societies composed of farmers and fishermen, subject to a limitation as to the volume of business done with non-members. Again in 1936 the Union secured legislation which made it clear that patronage dividends could not be construed as trade discounts. Legislation was opposed that was designed to prohibit organization by consumers, in Ontario, of co-operative dairies. It was believed that co-operation would function best where producers and consumers were organized.

CHAPTER 4

CO-OPERATION DURING THE WAR OF 1914--1918

The organization of co-operative associations increased during the war period. Before 1914, the control of business enterprises by producers and consumers had been largely in the experimental stage but, as time went on, experience was gained in co-operative methods suited to production and marketing in Ontario. The war brought with it rising prices and an increased demand for agricultural produce. But although the farmers were benefited thereby the rising prices of non-agricultural commodities prompted them to club together in the purchase of supplies, while increased production from the farm led to economical and mass marketing methods through co-operatives. Management was made easy in this period by steadily rising prices, with the result that practically all attempts at co-operation were successful, at least until the post-war slump.

The Co-operation and Markets Branch of the Ontario Dept. of Agriculture was created in 1914 to meet the demand for information on co-operative methods and to give encouragement to the establishing of associations by farmers. The need for grading of products was recognized. The consumer would purchase a graded product with more confidence while at the same time it enabled co-operatives to pay producers on a just basis. The Branch aided the societies both in the grading of products and in the setting up of sound book-keeping methods. The necessity for accounts may be seen in the example of the Rainy River District Potato Growers' Association. This society was successful for a few years and was one of the most use-

ful associations in the province, but it failed because book-keeping records were not properly kept. Money was lost, distrust developed and the breakup occurred. All applications for incorporation of co-operatives were required to pass through the hands of this Branch to insure that such societies comply with the co-operative part of the Companies Act. An opportunity is thus afforded to suggest suitable by-laws for newly organized societies.

The United Farmers of Ontario

In 1902 there had been formed the Farmers' Association of Ontario which developed into the United Farmers of Ontario in 1914. The United Farmers' Co-operative Company was organized by the U.F.O. in the same year. The Company is really the trading branch of the U.F.O. and is separate from the association although business is largely done through the latter's clubs. In 1918 there were over 600 of these clubs with a membership of over 25,000.

In the early years of the U.F.O. 47 stores were opened on the chain store plan. Again in the later war period the high cost of living led to the formation of numerous co-operative stores. Practically all of these met failure in the post-war period or were turned over to local co-operative societies.

The United Farmers Co-operative Co. was organized to act as the middleman for farmers' clubs both in the purchase of supplies and the sale of farm produce. The idea was that if large quantities of goods could be bought the cost of distribution would be reduced and the retailers' profit eliminated. To im-

plement this idea a wholesale and retail grocery and produce business was set up in Toronto which gave both wholesale connection and a market for farm produce. Many lines of household and farm supplies were handled as well as farm produce bought; in 1918 the Company did a business of over \$1,750,000.00.

The success and growth of the United Farmers' Co-operative Co. was not without difficulty in its first years. Associations, manufacturers, wholesalers, retailers, newspapers etc. schemed to hinder the Company. Wholesalers and manufacturers not only refused to sell to the organization but tried to draw away the business of members by selling at a loss. Drovers attempted to get control of the Toronto stock yards by changing their shipping days to those of the co-operative company and by purchasing livestock at outside points at higher prices to discourage co-operative shipments. The company was able to increase its business each year in spite of these heavy odds.

This is strictly a farmers' company operated on co-operative principles in so far as consistent with the size of the organization. The original \$100,000 capital was subscribed by Ontario farmers. Farmers' clubs and associations are essentially members of the central organization rather than individual members and therefore a delegate system of control is followed. The policy is to buy and sell at regular prices and to declare a patronage dividend at certain periods.

Farmers' Clubs

In 1914 there were over 200 Farmers' Clubs in the province. These were organized mainly for educational purposes, but in a good many cases branched out to carry on co-operative trading, both buying and selling, for their members. An example of purchasing in a simple way was seen in the method of a Preston club. The orders of the members for seed were pooled and the total order placed with a local merchant after samples had been secured from several such dealers. The merchant was willing to sell at a reduced price because the sale was certain even before he had placed his order. Another example was that of the Minto Farmers' Club in Hastings County which obtained an advance from the local bank to allow it, both to pay cash for goods purchased for the members and to pay cash to the members when they delivered farm produce for sale.

There was a considerable lack, among Farmers' Clubs, of organization that would permit growth. As a result the Co-operation and Markets Branch devoted a good deal of its activity, in the first year, to assistance toward a sound basis of organization for co-operative clubs. By 1916 there were some 300 Farmers' Clubs in the province with a number of important co-operative trading societies growing out of these clubs. In Lambton County there were 40 clubs each buying supplies separately. These clubs were federated in 1916; the central organization being responsible for mobilization of the buying of individual clubs and to under-

take marketing. The Lambton County Co-operative Association was incorporated as a non-share company, raising capital by means of capital notes. In 1917, 45 clubs were included in the Association making a membership of 551 individual farmers, with capital notes to the amount of \$13,775. This was essentially a purchasing society with a business of \$75,000 for the year. 1918 showed a 27.2% increase in the number of clubs

| | | | |
|------|---|---|----------------------|
| 30.8 | " | " | membership |
| 30.0 | " | " | note capital |
| 6.0 | " | " | members per club |
| 35.0 | " | " | business transacted. |

Farmers' clubs increased, in number, from approximately 400 in 1917 to 500 in 1918. The majority of these had been formed since 1912 and carried on a purchasing business for the most part. Bulky farm supplies were handled since such articles could be distributed directly from the car. By 1918, however, an increasing number were acquiring warehouses to enable them to handle a wider variety of supplies and to distribute these as called for by the members. At the same time, an increasing number of associations were being incorporated under the Co-operative part of the Ontario Companies Act, as a safeguard to the proper conduct of the business. Along with these companies and associations of a co-operative nature, which were not incorporated, were increasing so rapidly in the Province that it was impossible to keep up to date records of them.

By 1918 there was a decided tendency toward the formation of county or group organizations with the clubs as units as in the case of Lambton County, mentioned above. Some functioned as a clearing house in clubbing orders and making

shipments while in some cases group organizations were formed from the officers of local clubs and carried on only such work as could be successfully handled by the local clubs co-operating. A few examples follow.

The Northern Ontario Co-operative Association, at Rydel Bank, four miles from the main line, Sudbury to the Soo, consisted of 230 members in 1918. It had conducted a general store and warehouse for more than a year supplying members with feeds, seeds, fresh fruit from the Grimsby district etc. and during the year installed a flour mill. The society performed a valuable function in handling farm produce for cash since individual farmers were isolated from good markets. The policy of handling goods at regular trade prices and declaring a co-operative trade dividend was followed.

The Kent Farmers' Produce Co. was one of the oldest successful organizations operating in the Province in 1918. The company was reorganized in 1917 on a co-operative basis. An annual business of over \$500,000 was carried on through their flour mill, elevator and store at both Blenheim and Ridgetown.

Verner, in the Sudbury district, is an example of a farming section that was well organized. In 1918, Verner could boast of three distinctive co-operative associations:

- (1) The Farmers' Co-operative Organization, formed in 1911, through which the members sold farm produce at a cost of 2% commission; \$60,000 worth of produce was sold in 1918.
- (2) La Caisse Populaire or People's Bank with 525 members. 3% interest was paid on deposits and loans made to members

on promissory notes or other securities. Borrowers were allowed to repay loans in instalments. (3) Le Magazin Co-operative De Verner--180 members held two hundred and twelve \$25.00 shares in this general store. A business of \$65,000 was done in 1918 as compared to \$27,000 in the first year of operation. The district at Verner was probably the most prosperous of any around Sudbury, and this was quite possibly due to these co-operative associations. They were buying, selling and borrowing co-operatively.

Egg Circles.

Similar to Farmers' Clubs in organization, were the co-operative Egg Circles in Ontario. These circles made no small contribution to the improvement of the quality of eggs on the market and to increase the price to the farmer at a time when the poultry industry was coming into prominence. The number of Egg Circles showed a decline during the war years from the high point in 1914 when 63 were reported in operation, although the total volume of business done through these circles increased. A total business of \$122,879.29 and a membership of 2,233 was reported by the 50 circles in operation in 1918.

Practically all the work of Egg Circles was in the sale of eggs, although some had branched out in this period to include the sale of poultry and the purchase of supplies. There was a growing tendency towards county federations, as in the case of the Dundas Co-operative Egg and Poultry Association which included 15 egg circles in 1913. The report of the Lansdowne Farmers' Club in 1914 showed the establish-

ment of a fattening station for the fattening and sale of poultry to include with its egg marketing program. The Cambridge Egg Circle in Victoria County sold \$947.79 worth of eggs and poultry for its 14 members in a three months' period in 1914. A gain of 23% was realized over the local price while at the same time the local price was raised as a result of the circle's operations.

One of the chief difficulties in agricultural marketing in 1914 was the lack of legal standards for practically all farm products; the two exceptions being apples and farm seeds. The Fruit Growers of the Province were more largely organized than any other branch of agriculture at that time; partly as a result of the legal standard under which fruit was sold. Out of the 53 fruit associations in the province 13 were marketing mixed fruits and 40 apples only.

Fruits

A small number of these 53 societies could boast of being among the oldest co-operative associations in the Province. The remainder were newly organized and for the most part began on a poor business basis. It was forgotten by managers and members of the new societies that those who had charge of marketing under the old system had become experts in efficiency and therefore the cost of certain processes could not be lessened. Advertising also was an essential part of marketing and should be undertaken by the associations. Co-operatives could only survive as long as they were as efficient as their competitors. Considerable assistance was given, by the Co-operation and Markets Branch, in 1914 to reorganization of the

business of fruit growers' associations.

In the Niagara district not 10% of the fruit growers were members of co-operative societies in 1915. The co-operatives were largely closed corporations, with a small membership, competing with one another to sell their entire output to buyers. The Co-operative Fruit Growers of Ontario was organized in 1913 to market the fruit produced by these small societies. This central organization handled 30,000 barrels of apples the first year principally for shipment to Canadian West. The individual societies were encouraged to find their own markets where possible. The difficulty with this system was that, in some cases, poor quality apples were sent to the company for sale, while the better grades were marketed through local societies. A further difficulty was encountered in working with co-operatives that were managed by a former buyer or dealer in apples. The shipments to the West were made at a cost of 25 cents a barrel from the central association to the co-operative buyer.

Thousands of baskets of peaches and plums were not picked in 1913 because of the low prices. A great number of young trees were coming into production giving promise of still larger supplies in the future. To relieve the situation The Niagara Peninsula Fruit Growers' Association organized a publicity campaign, in 1915, and spent over \$3,000. in advertising the tender fruits. This was a considerable help in selling the crop in the towns of Western Ontario. In the same year the Niagara District Sellers' Association was organized. 90% of the buyers and dealers in fruit of the

co-operative companies were included in this association. An advance of 20% in prices was realized in 1916 over those for 1915.

Fruit marketing conditions were not favorable to the activity of co-operative fruit associations during the war. The loss of export markets as well as poor crops in this period caused many of the 58 associations reporting in 1917, to close down awaiting changed conditions. The Ontario Co-operative Fruit Growers for example, a central company for 20 locals, did not operate during 1915 but in 1918 was intending to hire a manager and continuing operations. On the other hand some of the well established co-operatives, in districts such as the Niagara Peninsula where fruit growing is the main industry, continued operations and in some cases increased their business. Such associations dealt mainly in the tender fruits and sold on the North American Markets.

The need for warehouse and cold storage facilities was being urgently felt by fruit associations before 1914. Such facilities were necessary to permit grading of fruit and storage to prevent seasonal depression of prices by an over supply on the markets at one time. The first fruit storage house to be owned and controlled by producers was built by an association in 1914 at a cost of \$4,000. The Durham Fruit Growers' Association was typical of many such societies in this period. They desired to erect a warehouse but were organized without the necessary capital. Under similar

conditions many societies obtained a warehouse by having a small company of members erect and rent it to the association. The Durham Association determined to have company ownership of their fruit house so obtained capital from each member.

Vegetables

There were very few vegetable marketing co-operatives in Ontario in 1914. Vegetable production had for the most part been carried on around urban centres with each grower following the uneconomical method of marketing his own crop either on the city market, to retail stores, from door to door, or to hucksters. If the industry could support individual marketing it could much more economically bear the expense of efficient salesmen hired by the growers. The natural way to carry out such a marketing program would have been through co-operatives. The difficulty seems to have been the lack of a system of grading and of promoters of co-operative enterprise among the vegetable growers.

The Rainy River Potato Growers' Association was doing an increasing and essential business in the war period embracing practically all the farmers of the district. This company failed in 1918 merely because of failure to keep accounts. While in operation it set a fine example of co-operative enterprise, to other districts in Northern Ontario, however. The Thunder Bay Marketing Association was formed in 1915 as a result of the success of the Rainy River Company. Such marketing facilities were a great boon to these districts, isolated as they were from extensive markets.

Two associations with headquarters in Sarnia were each doing an annual business of from \$40,000 to \$50,000 in 1914 and were steadily increasing. Vegetable growing was greatly stimulated in the Sarnia district by the shipping of car load lots to distant markets. The Lambton Growers' Co-operative Association showed a turnover for 1914 of \$50,000 both in buying and selling. Practically all the produce of its 125 members, amounting to 200 car loads of fruit and vegetables in 1914, were marketed through the society. They purchased supplies including fertilizer, fruit baskets, and five cars of seed potatoes.

In 1916 there were eight or nine growers' organizations producing and marketing potatoes, of which two were handling potatoes alone. The vast majority of potato growers did their own marketing. Where there was a lack of group action in a community there was no uniformity in quality or in variety grown. Furthermore an organization with a manager working full-time was necessary if market conditions were to be known, and transportation, packaging and advertising adequately taken care of. Associations could undertake uniform grading of potatoes when there was a lack of legal standards. The U.F.O. was attempting to handle potatoes in a wholesale way in 1916.

Seed

There were few seed selling co-operative societies in the Province in 1914. The largest of these, the Erie Farmers' Co-operative Association, was selling grass and clover seeds to

the amount of over \$100,000 annually. However a new impetus was being given to selling Associations by the organization of centres by the Canadian Seed Growers' Association.

The value of organization to seed growers may be seen in the example of the Kenora District Co-operative Clover Seed Growers' Association Ltd. at Oxdrift in 1917. The company was especially beneficial and necessary to this district being situated, as it was, so far from the markets. The growers set out to make a success of their business from the beginning. Facilities for cleaning were installed. Their product had been advertised by prizes won at Seed Fairs. In the first year of operation \$15,000 worth of clover seed was sold being shipped as far East as Prince Edward Island.

Wool

There had been no wool sold co-operatively before 1914 in Ontario. The first attempt was made by the Manitoulin Marketing Association in that year, when wool was collected at four shipping points where it was graded and sold direct on this basis. The growers received as high a price for the lowest grade as the local storekeepers and buyers had paid them for mixed wool previously, while the higher grades brought as much as seven cents per pound more. The Manitoulin Association continued to market wool even after 1917 when the Ontario Sheep Breeders' Association set up machinery for the co-operative marketing of wool.

After having studied methods employed by other provinces the Ontario Sheep Breeders' Association drew up rules and regulations, and sent application forms, containing information

on the subject, to some 9000 sheep raisers in Ontario. By April 23, 1917, applications for 100,000 pounds of wool had been returned. The dead line for application was extended and the Department of Agriculture gave its support by advertising the movement, with the result that application for an additional 100,000 lbs. came in. By the time the Association sold its wool 270,000 lbs had been received.

The price of wool had been steadily rising through the war period. It had advanced from 17 cents a pound in 1913 to anywhere from 40 to 54 cents in 1917. The Association averaged something better than 60 cents per pound on its sales in 1917. The buyers had hoped to get the price down but it went up and earlier than was expected because such a large quantity had been collected, graded and sold in one place. 750,000 lbs. were marketed by the Association in 1918, at a price nearer a proper basis of value, as compared to the U.S. A., than ever before.

The buyers had been paying a flat for wool with the result that they paid a higher price for coarse wool than could be obtained on a graded basis but made their profit on the finer grades. Some shippers received a lower price by selling co-operatively because of the grade of wool they shipped and the fact that competition was forcing the dealer to bid up. The Association deducted $3\frac{1}{2}\%$ from the selling price of each grade to cover the costs of sacks, twine, handling, grading and selling. The $3\frac{1}{2}\%$ was more than covered by the increase in price of wool to the producer. Grading was believed necessary to put the wool trade on a proper basis and give each grade its proper market value.

Live Stock

Co-operative live stock marketing was begun considerably later in Ontario, as compared with other commodities. Rapid progress followed on the organization of Farmers' Clubs and the U.F.O. however. The Omeme Farmers' Club, formed in 1912, was the first association to market live stock co-operatively in the Province.

There were very few organizations shipping live stock in 1914. Associations in Northern Ontario and Manitoulin Island were selling considerable quantities of cattle, hogs, and lambs co-operatively by 1916. In that year the Pelee Island Co-operative Marketing Association was formed for the marketing of wheat and hogs. 35 co-operatives were reported shipping live stock, \$900,000 worth, either exclusively or as part of their business in 1917. During 1918 an officer of the Co-operation and Markets Branch of the Dept. of Agriculture devoted his time toward the promotion of co-operative live stock shipping. By the end of the year at least 200 Farmers' Clubs along with other organizations were shipping live stock and during 1918, \$2,000,000 worth of such shipments reached the Toronto Market.

The Leeds County Co-operative Association, organized in 1916, is a good example of a society selling live stock as part of its business in this period. By 1918 the company had 3 warehouses, 350 members and a business of over \$200,000. The Association was divided into local branches each with a manager and secretary. All produce, with the exception of cattle, was paid for on a quality basis at delivery. Hogs were graded and paid for according to quality while cattle were

shipped to the central market. The quality basis of purchase practiced by this association did much to improve the general quality of all produce offered in that district.

Dairy

Co-operation among milk producers in the processing and marketing of milk, particularly in the form of butter and cheese, was one of the earliest forms of co-operative effort in the Province, but had not reached an extensive stage of organization either before or during the war period. Of the 1000 cheese factories and 600 creameries in the Province, in 1914, many were owned by the patrons as for example, in one district of Eastern Ontario there were 145 factories co-operatively owned. The condenseries, milk powder factories and fluid-milk distributing companies were practically all owned and operated privately; there was only Producers' Milk Distributing Co. operating in the Province. Attempts were being made during the war period to organize dairymen in New Ontario with promise of success. Two of these were the Sudbury Co-operative Creamery Co. and the Producers' Co-operative Creamery Co. at Lavallee.

Co-operation in Northern Ontario

Northern Ontario offered a good field for co-operative enterprise in this period. Co-operatives were, in fact, essential to the growth of many districts and proved themselves extremely beneficial wherever organized. It was impossible to enter certain lines of farming because of lack of facilities for manufacturing and marketing the finished product. Many districts were well suited to dairying, for example, but there

was no creamery, cheese factory or market for milk and in most cases the finances were lacking to establish a factory on a co-operative basis. Loans to aid farmers' organizations were badly needed in Northern Ontario. Not only did each farmer produce a very small quantity of any one product but isolation from markets and a lack of knowledge on market trends made individual marketing impossible. Here a co-operative could have been very valuable in pooling products and arranging transportation as has been seen in some working examples.

The War Period was one of business expansion and increased production in agriculture as in all other industry. With the exception of fruit growers' associations all forms of co-operative enterprise increased whether on a strong or weak basis of organization. The real test of this growth was to come after the war when the inevitable economic slump set in.

POST-WAR PERIOD 1919-1929

Prices of farm products rose during the war period to reach a peak in 1919. Increasing prices and increased production stimulated by them, led to considerable co-operative activity on the part of farmers, both in the purchase of supplies and the marketing of produce. Although the need for co-operative buying and selling was as great, or even greater, from 1920 to 1922, when prices of agricultural products fell so drastically as compared with prices of manufactured products, the period was one of difficulty for co-operative enterprise.

During the war period almost the whole emphasis had been in buying. With peace, this was changed to selling. It was therefore inevitable that the trend in the early twenties was toward co-operative marketing and away from purchasing; the latter had been predominant from 1914-1919. Co-operative stores and buying clubs had the highest mortality rate in this period of post-war economic slump, while the majority of co-operatives, that enjoyed efficient management and were organized on a sound basis, continued to function and some even to increase their volume of business. (Poor management and weak organization had been characteristic of co-operatives formed during the war.) The economical marketing of farm products was beginning to receive scientific study by Departments of Agriculture and Agricultural Colleges throughout North America. This, together with the accumulated experience of producers' organizations, formed a more solid basis for farmers' co-operatives, and was to result in larger

and more ambitious undertakings in the field of co-operative marketing. The movement in Ontario was accentuated by activity in the United States under similar conditions to those experienced in this province.

The record of producers' co-operatives has been, on the whole, one of steady growth. A better understanding of organization methods of business practice and the marketing of high quality products according to systems of gradings, made progress sure. The importance of organized marketing was impressed on Ontario producers by competition in foreign markets, from countries exporting under a marketing programme. If Ontario was to maintain its place on both foreign and domestic markets during the critical post-war depression period and the readjustment period of 1923-25, it was necessary to meet competitors on equal grounds. Co-operative marketing offered one solution to the problem.

The years 1923-25 were difficult ones for all types of business, but farmers' co-operative marketing associations met the adverse conditions as successfully as any, there being comparatively few failures. There was considerable reluctance on the part of producers, who had been associated with non-successful associations, to attempt further practice of co-operative principles, but important new organizations were formed and many already established strengthened their position. Some of the more important farmers, in Ontario, had difficulty in organizing on a co-operative basis since their production was province wide whereas some minor products grown in restricted areas were more highly organized

for marketing. This would seem to suggest that associations were more easily formed on both a commodity and district basis rather than a commodity basis alone.

The trend during 1926-1929 was toward increased activity in co-operative marketing. Prices of farm produce were rising and production was stimulated, leading to an increase in the volume of business done by established co-operatives and hence an extension of their facilities for marketing, as well as the formation of new societies. Conditions were similar to those prevailing during the war-period 1914-18 while marketing technique had greatly improved.

The United Farmers of Ontario

The U.F.O. carried on a large business in the wholesale supply of manufactured products and the sale of farm produce for its member societies, through the United Farmers' Co-operative Co. In 1919 a commission department was formed for the sale of live stock shipped co-operatively by local associations. The Company had a seat on the Livestock Exchange at Toronto and a branch at the East End Market, Montreal. By Dec. 1, 1919, 3,682 cars of stock had passed through the company's hands at Toronto; during 1920 shipments amounted to \$11,000,000 for some 350 to 400 local clubs. Co-operative marketing of stock was on the increase as seen by the figures for the eleven month period, Nov. 1924 to Sept. 1925, when 6,212 cars were handled.

Some idea of the wholesale supply business carried on by the United Farmers' Co-operative Co., in this period, may be gained from the figures for 1924-25 when 3,000,000 lb.

of binder twine, 175,000 rods of wire fencing, 500 tons of coal, besides large quantities of shingles, posts, roofing, rope, and cement were sold to farmers' clubs.

A considerable amount of grain, potatoes and turnips were handled, each year, by the United Farmers' Co. In the eleven month period Nov. 1924 to Sept. 1925, 200 cars of wheat, 1000 cars of feed and feed grains and 3,500,000 lb. of flour were shipped.

The U.F.O. also branched out to include the dairy and poultry industries. An egg and poultry produce department was established by the Co-operative Co. in 1920. The facilities thus provided were used by an increasing number of egg circles and individual shippers to reach a total volume of over 1,500,000 dozen eggs marketed in 1924. The Toronto creamery was taken over, in 1920, and proved a marked success, its yearly output being about 2,500,000 lb. of butter. The United Farmers' Co-operative Co. had some 20,000 shareholders and over \$20,000,000 of business turnover in 1928, an increase of \$2,000,000 over 1925.

Farmers' Clubs

The number of farmers' clubs in the province probably reached a peak in 1919 and 1920 when there were approximately 1500 in operation, for the most part without incorporation. There was a gradual decline throughout the twenties in both the number and the business activity of these clubs. The tendency from 1919 on was away from purchasing and toward marketing, which led many to seek incorporation as Co-operative Co's in order to give them power to hold property and create

a sound business. The bulk of their business in 1920 was in live stock shipping and in buying supplies, mainly through the United Farmers' Co-operative Co. By 1927 the largest single item of business carried on by these clubs was in live-stock shipping although a considerable number were purchasing supplies co-operatively. Considerably over one-third of the live stock marketed, in 1927, was shipped by co-operative associations.

Egg Circles

The establishment of an Egg and Poultry Department of the United Farmers' Co-operative Co. gave a stimulus to co-operative egg marketing. The number of egg circles increased from 44 in 1920 to 52 in 1923. The tendency was for these circles to group together under central organizations. For example the Renfrew County Co-operative Ltd. was formed during 1920 to market eggs for the circles in that county. The Dundas Co-operative Association, which had been in operation for a number of years, as a central society for a number of circles, was taken over as a branch of the United Farmers' Co-operative Company in 1920. The Company, through its produce department, was exporting eggs for the circles as well as selling on the domestic markets. The producers were paid on a graded basis.

Fifteen Egg Circles in Oxford County co-operated, in 1923, to employ a salesman and establish a central grading station at Woodstock. Eggs were collected on a case plan and the producer paid by grade. The central organization proved a success in the first years of operation and extended

its programme to include a fattening station and later an incubator.

The egg marketing situation was improving throughout the twenties largely because of the legal system of egg grading that had been in effect for a number of years. Grading not only set a minimum standard of quality for various grades, but prompted poultrymen to improve management and feeding of flocks in order to produce a large proportion of high grade eggs. The quality of the produce was thus considerably improved. Although the production of eggs increased tremendously during the twenties, consumption increased to a still greater degree to give Canada the largest per capita consumption of eggs in the world. Legal grading was a great boon to the Canadian poultry industry.

One egg marketing organization, covering a county, and consisting of 20 local circles showed a turnover, in 1927, of \$200,000. The association owned a large plant for the grading and shipping of eggs and owned trucks for collection and for delivery to the large markets. It crate-fattened poultry for its members, handled feed and poultry supplies, and operated mammoth incubators. Poultry raising was made a leading industry of the country. This example gives a little idea of the increase in the industry since the war, as a result of increased consumption made possible by a system of grading.

Fruit

As already noted, Fruit Growers' Associations met with extremely difficult conditions during the war period. The

loss of export markets together with abnormally low yields had forced many societies either to close down altogether or cease operations for a time. The post-war period, however, resulted in renewed activity among fruit growers in the marketing of produce and purchase of supplies.

The abnormal fruit yield of 1920 prompted the organization of the Niagara District Grape Growers' Co. Action became necessary to secure sufficient packages to market the crop and to secure a fair price which up to that time had been fixed by the wine manufacturers and dealers. Bushel hampers were imported from the United States and of the 410 cars of grapes handled in the fall of 1920, 341 were placed on American markets. The price obtained, in this first year of operation, was the highest in the history of Niagara Peninsula grape growing, in spite of the large crop. Turn-over increased from \$50,000 in 1920 to \$890,000 in 1921 while membership increased from 400 to 900.

The company had control of 90% of the grapes grown in the Peninsula district in 1921. In that year 752 carloads of grapes were marketed co-operatively, of which number 346 went to United States markets, 325 to the Canadian market and the remainder to wine manufacturers. An interesting experiment was made in the storing of grapes. Fifty carloads were put in storage at Hamilton for 5 weeks at a cost of \$5,000. The venture proved a complete success; \$12,000 being realized at the time of sale above the price prevailing when the grapes were stored.

The Niagara District Grape Growers' Association is an example of a co-operative organized as a limited company.

Members were not required to be shareholders and something less than 50% of the members bought shares in the Company. The first year of operation \$85. a ton was paid as the first payment on the growers' crop and at the end of the year \$33,000 was distributed as a patronage dividend.

The success of the Grape Growers' Company led to the organization of the Niagara Peninsula Growers Ltd., in 1921. This latter company was formed to market the remaining fruits of the district which included the area from Burlington to the Niagara River and the Fonthill District. Provisional directors were appointed to reconcile conflicting interests in the district, line up five small co-operatives functioning there, to persuade some of the dealers to support the association, and to supervise organization of the Company.

The area was divided into 14 districts with a manager for each division. Each member was required to purchase stock to an amount based on his crop turnover for the year 1920. Furthermore each member was under contract to market his entire crop through the Company. In the first year 1700 cars were marketed made up of 49 varieties of fruits and vegetables. 1922 showed a turnover of \$2,500,000 compared to \$1,501,000 for 1921. The first years returns included \$324,000 worth of grapes sold for the Niagara District Grape Growers while the \$2,500,000 for 1922 was the returns from the produce of some 600 growers.

The principal objects of organization were grading and systematic marketing to eliminate waste. Under individual marketing a proper distribution of fruit to various markets was impossible; some towns were oversupplied, while others

were without sufficient supply. Consumers were not advised, under the old system, as to when maximum quantities of various fruits would be on the market; the company, therefore, prepared an advertising program to help consumers plan their canning operations. Unfortunately the public received the impression that it was a combine to boost prices at the expense of the consumer.

Further difficulties were encountered when all crops matured in advance of their normal time, in 1921, due to an exceptionally extreme heat wave. Consumers were not ready for the fruit when it was put on the market. Unemployment in the post-war depression years, decreased buying power, and added to marketing problems. Jam manufacturers and canners carried over large stocks from 1920 and were not in a position to take their usual supply in 1921.

Packing houses and cold storage facilities were found to be a necessity if the Company was to carry out its system of uniform grading. There was not one central packing house in the district when business was started in 1921. To help meet this need \$13,000 was invested in a warehouse at Burlington. The average cost of packing the 4,000 barrels of apples, that were put through this plant in 1921 was from 15¢ to 27¢ a barrel less than in other parts of the district. Eighteen of the 119 cars of pears packed at Burlington were exported to Britain. As a result of the success of the Burlington plant cold storage facilities were immediately planned for Grimsby and St. Catharines.

Capital was raised by the sale of 952 shares of stock of which 20% was paid up by the members, amounting to \$18,340.

The total cost of equipment and organization, for the first year, was \$33,280. To make up this difference one and one-half percent was deducted from total sales turnover. Members were paid for fruit on a graded bases. 20% was retained by the company for overhead expenses. Of this 20%, 10½% was the annual operating expense, 1½% was absorbed in equipment and organization as mentioned above, and the remainder returned as a patronage dividend.

In 1925 the Niagara Peninsula Growers' Ltd. ceased operations and the local associations and individual growers were thrown back on their own resources. What had shown promise of being a strong central organization did not survive the depression period. 'In Ontario there was no central co-operative fruit-selling organization, in 1925; attempts to maintain such an agency failed owing to the growers withdrawing their patronage for one reason or another.'⁽¹⁾

The Erie Co-operative Company, in the Leamington district, had steadily increased its membership and business since its organization in 1913. In 1917 the Erie and the Leamington and Western Companies amalgamated under the name of the Erie Co-operative Company. Later the Ruthven Cold Storage and the Kingsville Co-operative Company were taken in and a shipping station opened at Harrow. The Essex Growers Co. in Leamington was bought out in 1920 and a branch opened near Blenheim in Kent County. During the seven year period up to and including 1920 membership increased from 18 to 339, business turnover from \$25,000 to \$705,000 and credit position from a deficit in the early years to a surplus of \$56,000.

Vegetables and potatoes.

The vast majority of vegetable growers were as yet unorganized in 1919 and the early twenties. There was a great need for legal standards under which vegetables could be marketed, but lacking these, there was opportunity for co-operative methods and grading by each organization individually or under a central association. Transportation facilities which allowed growers to ship and truck vegetables to distant markets were tending to even out price spreads on local markets, but were uneconomical in time and transportation costs. The necessity was for group marketing of graded products together with a constant knowledge of market trends. Co-operation among vegetable growers was mainly directed toward the marketing of potatoes and turnips in the twenties.

Table turnips grown in Ontario were, for the most part, sold on American markets. The Ontario Turnip Growers' Co-operative Ltd. was organized in 1923; 1,200 members signing up as shareholders in the marketing company. These members were largely drawn from the counties of Wellington, Waterloo, Brant and Oxford which include the main turnip producing area of the Province. Each member contracted to give the company exclusive right as the market agent for his crop.

The Turnip Growers' Co-operative was formed both to act as marketing agent for the growers, and to carry out their marketing program according to a system of grades. Grading was important for this product, as an export commodity, in order that importers might have a definite basis on which to determine price value. The value of turnips at the loading point was low as compared to delivery point, and any loss

account of quality had to come out of the already low value at shipping point, under the old system of marketing.

The Company sold their turnips the first year by making direct connections with brokers in various markets in the United States. In 1925 it made use of the Federated Fruit and Vegetable Growers' Exchange; a co-operative concern which was acting as agent for a number of commodity organizations in the United States. Three hundred car loads of turnips were exported by the co-operative in 1926.

The Simcoe Potato Growers' Co-operative Association obtained a loan of \$3,000 under the Marketing Loan Act and erected a warehouse at their shipping station, in 1922. A power potato grading machine was installed. All members sold their crops at good prices, that year, while non-members sold at low prices or were left with a large proportion of their crop unsold.

The condition of the potato market, particularly during the period of consumption of the 1928 crops, brought this commodity to the attention of the Co-operation and Markets Branch. Potatoes were being brought into Ontario from other provinces to the amount of a few hundred car loads in spite of a surplus of Ontario potatoes. This imported product was being sold at a premium equal to the price offered for Ontario tubers at some shipping points.

The difficulty was that Ontario potatoes were not being graded and branded according to grade. To overcome this difficulty the Branch made field men available to growers who would agree to certain conditions. Six groups were formed, each promising to work together as a group, to use certified seed and practice scientific management of the growing crop, and to

grade to Canada No. 1 or better. Exhibits, designed to interest the producer in approved methods and to educate the consumer, were arranged at the C.N.E. and the Royal Winter Fair. The interest of potato dealers and consumers was aroused as reflected in an increased demand for the Ontario product in 1929.

The Central Ontario Potato Growers' Association was organized in September 1929 so growers might be identified by brand name, for publicity and purchase of supplies. The brand name was stencilled on new bags and approximately 60 car loads shipped. Several of the largest retail firms in the Province introduced this brand to their customers. Not only was the premium on potatoes, from the Maritime Provinces, reduced but several car loads of the Ontario product sold at an equal price and in some cases at a premium. Grading, together with the production of standard varieties under approved methods, accounted for the improved condition of the Ontario product on home markets.

Seed

An Act was passed in 1919, to enable loans to be made to co-operative associations to facilitate the cleaning, storing, and marketing of grain, clover seed and potatoes. Although few loans had been granted, in the first few years in which the Act was in force, several plants were built and machinery installed, without aid from government loans. The possibility of a loan had made associations less fearful of undertaking the establishment of expensive machinery for cleaning grain.

A Seed Cleaning Plant was set up at Cottam in Essex County, in 1919, as a result of the shipment of a considerable

quantity of wheat, that year, which failed to grade. The wheat was of inferior quality containing a great deal of chaff. A machine was obtained capable of cleaning both seed grain and 200 to 300 bushels per hour for commercial purposes. Four thousand bushels of wheat were cleaned for sowing in the fall of 1919, and a similar amount in 1920. For commercial purposes all grain was cleaned before weighing to permit buying on a quality basis. A considerable business in marketing of grain was carried on; 43 car loads or 50,000 bu. were bought at the Cottam elevator during 1920. While neighbouring elevators were afraid to sell to the export market because of failure to make the grade the Cottam association was selling for export at a better price and having practically no trouble with grade.

There were 15 co-operative seed cleaning plants in the Province in 1921. Two of these, the Kerwood Farmers' Co-operative Co. and the Mersea Co-operative Co. had applied for loans to assist in establishing their plants. Both of these owned an elevator and were engaged in marketing grain. Clean seed resulted in both cleaner grain the following year and a higher quality product after that grain had been processed.

Wool

The Ontario Sheep Breeders' Association, co-operating with the Live Stock Branch of the Provincial Dept. of Agriculture, during the years 1917-21 arranged for collection and grading of wool from producers throughout the Province. The wool was marketed by the Canadian Co-operative Wool Growers' Ltd. Toronto, which company took over the work of collection and grading,

from the Association in 1921. Between 650,000 and 700,000 lbs. of wool were marketed annually for 4,000 growers during the twenties.

As a result of organized marketing many favorable comments were received from mills and wool buyers on the improved preparation and condition of the product. Previous to 1922 no Canadian wool was sold in England, but in 1925 one half million lbs. were sold there. The Co-operative had established its own direct connections in the export markets. Ontario coarse wool was being sold in the United States for the manufacture of paper felts. Co-operation had considerably improved conditions for sheep raisers, although the markets for wool generally were in a depressed condition in this period.

Dairying

Co-operation in the manufacture of butter and cheese was among the earliest forms of co-operation in Canada, but only became important after the war. There were 189 co-operative butter and cheese factories in Ontario, in 1920.

- The United Dairymen Co-operative Ltd. was organized in 1920, with head offices in Montreal, to act as a central selling agency for individuals, and for butter and cheese factories both co-operatively and privately owned. It also furnished a grading service; over \$1,000,000 worth of Ontario cheese being graded in 1920. Reports of defects were placed in the hands of the Dairy Branch, enabling correction. As a selling agency it employed the method of auctioning cheese off to buyers. At its first sale in Montreal, June 1920, 691 boxes of cheese were sold, and in June 1925, 5,806 boxes were sold in one week. By 1927 the Company was selling

direct on Old Country markets as well as to exporting firms in Montreal. Over \$3,500,000 worth of cheese was handled in 1928.

In Northern Ontario the Sudbury Co-operative Creamery Co. Ltd. was organized in 1916 and operated under difficulty for the first two years. By 1921 it could boast of having one of the best creamery plants in the Province and was planning to include a retail milk and ice-cream business. One Hundred and fifty-five thousand pounds of butter were manufactured for some 300 patrons in 1921.

Loans were made under the Northern Development Act to a co-operative creamery at Cochrane and another at Matheson. The establishment of these creameries allowed for the development of the dairy industry in these districts and consequently a large number of additional cows were imported.

Livestock

The Co-operative shipment of live stock to Western Canada was begun in 1908 and increased to reach a considerable volume in the war years. Shipments fell off after 1918 and up to 1925 apparently as a result of the decline in prices of farm products after the war and consequently a reduction in the purchasing power of the western farmers. Another big item was the high freight rates which were maintained after the war. However activity was quickened again with the rising prices of the late twenties.

Co-operative Shipments of Live Stock

| Year | Horses | Cattle | Sheep | Swine | Total |
|------|--------|--------|-------|-------|-------|
| 1908 | 22 | 74 | 14 | 15 | 125 |
| 1909 | 25 | 70 | 84 | 4 | 183 |
| 1910 | 39 | 51 | 36 | 7 | 133 |
| 1911 | 58 | 51 | 51 | 18 | 178 |
| 1912 | 51 | 45 | 22 | 20 | 140 |
| 1913 | 47 | 71 | 107 | 21 | 246 |
| 1914 | 49 | 97 | 34 | 20 | 200 |
| 1915 | 28 | 104 | 76 | 8 | 216 |
| 1916 | 59 | 185 | 100 | 22 | 366 |
| 1917 | 70 | 269 | 196 | 15 | 550 |
| 1918 | 67 | 250 | 180 | 4 | 501 |
| 1919 | 24 | 154 | 154 | 4 | 336 |
| 1920 | 18 | 110 | 37 | 6 | 171 |
| 1921 | 1 | 36 | 21 | 5 | 63 |
| 1922 | 3 | 18 | 6 | 21 | 48 |
| 1923 | 6 | 32 | 9 | 28 | 75 |
| 1924 | 1 | 22 | 2 | 0 | 25 |
| 1925 | 1 | 12 | 11 | 0 | 24 |
| 1926 | 2 | 43 | 33 | 5 | 83 |
| 1927 | 3 | 56 | 43 | 0 | 102 |

Tobacco

The problem of marketing tobacco was brought into prominence by the large increase in quantity produced, in 1920, as compared to previous years. A total of 21,691,100 lbs. of tobacco was grown in Ontario that year. The Canadian Tobacco Growers' Co-operative Co. Ltd. was formed with capital of \$250,000. The members were under contract to sell through the company. A large business was undertaken the first year. A factory building was purchased at Kingsville and a drier installed. One hundred graders were employed at harvesting time and each member's crop graded and processed for sale.

Membership was increasing in the early years of this company, to include 1,800 growers in 1925, but co-operative tobacco marketing is a difficult task, chief of which is the result of the amount of capital required. The exceptionally

large crop in 1920 created difficulties hard to overcome while a poor quality crop, in 1927, increased the financial difficulties. In 1928 the Company was forced into assignment.

The Tobacco Growers' Co-operative while in operation played a small part in improving general marketing conditions of Ontario tobacco. The British market was opened up for Canadian raw leaf. Previous to 1920 only 223,595 lbs. of unmanufactured tobacco was exported while by 1928 the amount had increased to 6,079,606 lbs.

Honey

The first attempt at organization among honey producers was made in 1914 when an association was formed in Elgin county to grade and market honey. It was not until 1923 that beekeepers were organized on a province wide basis, when the Ontario Honey Producers' Co-operative Ltd. was incorporated. This latter company was formed as a result of the post-war price slump, the rapid development of the bee-keeping industry in the Western Provinces and the wave of co-operative organization in that period.

The basis of organization was a single company with individual producers as shareholders. Each shareholder was required to subscribe for stock in proportion to the number of hives owned by him, and to sign a three year contract giving the company exclusive right to handle his produce. Although the contract was believed to have contributed in a considerable degree to the success of the company, it was later abandoned. The patronage of members was maintained on the basis of goodwill rather than a contract.

A province wide system of grading was worked out and

producers paid on a graded basis. A standard colour grader was furnished each member and furthermore an average sample of each grade packed by him was required to be forwarded to the company. Originally all honey was packed in tins purchased from the co-operative and with their stamp on it which included a serial number for each producer. It was thus possible to trace any complaints concerning quality back to the individual member. Any of the product sold locally was required to bare its share of overhead expenses of the company. The policy was later changed to allow members to sell locally in their own containers and without charge while that sold through the company was packed in tins loaned to the producers.

The organization of this co-operative came at a time when it was necessary to build up new markets and prevent a serious depression of prices. In the first year there were a million and one-half pounds held over from the previous year to be sold, as well as that under contract from the members. It was only possible to sell this large quantity in the first year and the product of an increasing membership in succeeding years by building up the foreign markets and by extensive advertising campaigns in Ontario towns. Home consumption was doubled in the first few years. Some idea of the great achievements attained in marketing may be gained from the fact that honey production in Canada quadrupled in the six year period 1920-1926. A bottling plant set up at Dunnville during the first year of the company's operations played no small part in increasing honey sales.

One of the chief characteristics of the post-war period with regard to agricultural co-operation was the willingness

of producers to sign a binding contract with their association. The wisdom of the use of such contracts is open to question since they permit an association to carry on although inefficient. However, there can be no doubt that placing members under contract was a sound policy for some associations to follow at least in the first few years of operation, since it prohibited members selling to dealers offering a better price in an attempt to break the co-operative. Some producers would also be attracted by a higher price for part of their product leaving that of poor quality to be sold by the association. By having a majority of the product under contract, during the first few years, prices could be stabilized throughout the market and the value of the organization proven to sceptical members, that is, providing it was a success.

The emphasis from 1919 to 1929 was on producers' rather than consumers' organizations. Both production and improved agricultural methods had been stimulated during the war period, with the result that wider markets had to be opened up after the war, for increased supplies of food stuffs, war time markets having been reduced. Competition in world markets became keener when nations turned from war to peace-time production.

Not only had the formation of co-operatives been made easier by the accumulation of co-operative principles relevant to Canadian conditions, but the rising prices and increased business activity of the latter half of the twenties made co-operative management relatively easy and growth was stimulated.

It was difficult to determine the approximate amount of co-operative business done in the Province in the years preceding and including 1929 because of the lack of compulsory

requirements for filing returns. Co-operative business reached a substantial sum, however, as may be seen from the following figures. Eliminating the few large associations, 56 reported a total membership of 8,500, 49 of which had a total paid up capital of \$256,400 and 42 reported a total turnover of \$2,610,244. Adding to these the returns for the larger associations such as the United Farmers' Co-operative Ltd., the Canadian Co-operative Wool Growers, the Ontario Honey Producers, and the United Dairymen's Co-operative Ltd., it might be estimated that at least \$50,000,000 of farmers' co-operative business was carried on annually in the province.

CHAPTER 6

AGRICULTURAL CO-OPERATION DURING THE PERIOD 1930-1940

The report of the Minister of Agriculture for the year 1940, contained in the Canada Year Book 1941, states 'Co-operatives in Canada have improved their position during the past nine years from the standpoint of membership and volume of business. The decline in value of sales to the low point in 1933, and the subsequent rise was due largely to the changing level of prices although growth of co-operative business was also a factor.' In the Year Book of 1934 it is stated that the chief co-operative organizations of producers in Canada as shown in the article on co-operation by Miss M. MacIntosh for the Year Book of 1925, are still engaged in agricultural operations.

Although it was inevitable that a certain number of co-operatives, which were not so well established, should fail during the severe business depression of 1930-34, yet failures among producers' organizations were not out of proportion to business failures on the whole. According to statistics from the Canada Year Book the main producers' co-operatives survived the difficult period and new societies were formed during those years, although real growth came only with improving business conditions. A characteristic feature of the thirties was the setting up of marketing boards, on a commodity basis, under government regulation.

Before this period, Ontario's position in domestic and world markets had been favorable to the degree that it had actually hindered co-operative organization of farm industry.

It was being recognized that organization and active participation by agriculturalists in the management of their own affairs, was necessary if the industry was to resist and survive economic shocks, such as that experienced in 1930. Conditions thus brought renewed interest in co-operative marketing during the depression period not only on the part of farmers but by Departments of Agriculture. Governments realized that lack of prosperity in agriculture was a national calamity and that production according to the latest methods, as emphasized by the Departments of Agriculture and Agriculture Colleges, was only part of a programme that should include marketing. The Ontario Marketing Board was set up in 1931, as a result of this realization by the Ontario government.

The purpose of the Marketing Board was to enquire into conditions surrounding the marketing of farm products, to determine whether the producer was receiving a fair share of the final price of his product and to aid in organization among farmers. It was understood that producers should do the actual work of organizing and be self-supporting in their various activities, apart from assistance in getting started.

In 1934 the Dominion Government passed the Natural Products Marketing Act, which was designed to improve the methods of selling natural products in Canada and in the export trade so was to have considerable influence on organized marketing of farm products in Ontario. One of the principal features of the Act was the provision for the formation of local commodity boards for regulation and marketing of natural products produced or owned by those who came within the control of such boards. Within six months boards were set up for

fruit, tobacco, beans and potatoes to allow Ontario producers to take advantage of the powers this new legislation provided. Co-operatives came under the regulations of these boards in the selling of their members' produce.

The Farm Products Act was passed by the Ontario government in 1937. This Act marked a concerted effort to reorganize the marketing methods of agricultural products, to enable farmers to take into their own hands the management and regulation of their industry and to secure their natural right to bargain collectively in the distribution of their produce if they so desired.

A further measure designed to assist organized selling in Ontario was the creation of the Co-operation and Markets Branch of the Dept. of Agriculture in 1939, to supersede the former office of the Commissioner of Marketing. This Branch was primarily interested in finding new and wider markets, to improving selling and distributing systems, to developing co-operative enterprises and in every way possible returning to the farmer a higher cash return for his products.

Prior to September 1938 there was no attempt to develop co-operation among producers in the Province and little assistance was being offered existing associations. It was believed this branch could be of practical assistance to co-operative enterprises in gathering and disseminating information. All applications for incorporation of co-operatives are required to pass through the hands of this Branch, thus making a check up possible on their basis of organization. The formation of co-operatives was to be encouraged throughout the Province so that producers might accomplish collectively things

which were individually impossible. In most communities public opinion had to be created; a process which must be continuous as newcomers settle in a community and young people take positions of greater responsibility. Co-operation and organized marketing had come to command particular attention as part of a plan to improve agricultural conditions.

The U. F. O.

The marketing and wholesale purchasing business of the U. F. O. is carried on by the United Farmers Co-operative Company which is a part of the larger organization. The Company supplied a large part of the requirements for the 56 farmers' purchasing organizations that were operating in the Province, as well as supplying approximately 100 unincorporated farmers' buying clubs, doing a business from a few carloads of coal to a turnover of \$25,000 to \$30,000.

In 1931 the combined shareholders and members numbered about 20,000 with \$361,709 invested in the Company in the form of share capital. Assets were valued at \$1,047,898 with reserves of \$10,000. Total volume of business for that year amounted to \$11,614,845 of which 60% was credited to the live stock commission department. A considerable decline was shown in total value of business by 1933 in which year it amounted to \$7,500,000. The main creamery in Toronto and eleven branch creameries in the Province manufactured over 7,000,000 lbs. of butter in 1931 and over 8,000,000 lbs. in 1933. In the produce department about 1,000,000 dozen eggs and 500,000 lbs. of dressed poultry were handed annually; 15 egg grading stations were maintained in the Province. Of the total value of products marketed co-operatively in 1934,

two-thirds was contributed by the U.F.O.

The sales value of farm supplies purchased during 1931 amounted to \$739,869 and included flour, salt, fertilizer, coal, building materials, seed, binder twine etc. Canadian twine manufacturing companies refused to deal with the Co-operative when the latter first proposed to handle binder twine, so it was purchased from the Belfast Rope Works Ireland. The trade grew until about one-third of the twine used in Ontario was distributed co-operatively. Some 25 co-operative fertilizer mixing stations were operating in Western Ontario in 1937 as a result of only five years' effort along this line. Some of these plants were mixing 500 to 600 tons of fertilizer a year and a saving of 25% had been effected to the members. Mixing and branding of livestock feeds was also carried on.

Co-operative purchasing agencies usually started with staple farm supplies for which collective demand was easily organized and bulk handling possible. Some societies branched out later to include household supplies and personal goods. Since the beginning of 1937 the United Farmers' Co-operative Company, as the central wholesale organization, has taken on distribution of tractors, cream separators, refrigerators, washing machines, electric fence, vacuum cleaners, and other electrical appliances, all under the brand name "Co-op". This new venture was made possible through membership in National Co-operatives Inc. with headquarters in Chicago. There was a desire among co-operatives to unite in a centralized movement and the trade word 'Co-op', as an insignia of quality goods which could be purchased at co-operative savings was registered by co-operatives in Canada for their exclusive use.

Eggs

The Ontario Marketing Board made a study of egg marketing conditions in the Province in 1932, and recommended application of the Federal Egg Grading Regulations of 1929 as a method to improve conditions. After these regulations were adopted Ontario eggs regained premium standing which had been held by shipments from the West. In 1934 amendments to the Dominion Act contained provisions for the establishment of a new grade, termed Grade A-1. A permit to pack this grade was to be granted to producers who satisfied the three requirements of satisfactory producing conditions, facilities for and ability to grade and candle eggs, and a suitable market outlet while the packing had to be done in cartons and sealed on the farm.

The Ontario A-1 Co-operative Egg Producers' Association was organized by the Board to meet the requirement for a suitable market outlet. Membership was voluntary and limited to licensed producers. Distributing agents were maintained in Montreal, Toronto and Ottawa and the members' eggs were handled at a premium of 10 cents per dozen wholesale over graded 'A' prices, under the Big 'O' Brand of quality which was licensed to the Association by the Ontario Department of Agriculture. Packing and shipping supplies were purchased for the members, through the co-operative. By 1938 membership totaled 200 out of a possible 300 licensed producers. Premiums over spot market prices for the first four year period amounted to some \$20,000. The Association carried on and paid for extensive advertising practices in the form of store cards, radio work and other publicity.

The O'Pep Co-operative Association was formed in 1937

for the marketing of eggs. Beginning in September of that year the membership and volume of business increased until 300 cases of eggs were being handled per week in December. During the first six and one-half months 5,031 cases or 150,930 dozens were marketed for a gross return of \$43,752.67. A grading station was maintained in Toronto and strict rules of production and marketing followed which made an above average price possible for their high quality product.

Fruit

As a result of an inquiry into fruit and vegetable marketing conditions by the Ontario Marketing Board, the Ontario Growers' Market Council was set up in 1931. The industry was studied with respect to prices, the producing of by-products from lower grade stocks, collective bargaining for supplies, establishment of central packing and cold storage plants, designation of Ontario high-grade products by brand name, and a publicity programme. Growers' Commercial Representatives were maintained at Toronto, Montreal, Winnipeg and the Prairie Provinces, and in the Maritimes with the result that sales were quadrupled in the Western Provinces and trebled in the Maritimes, in 1931 over 1930. Northern Ontario markets were opened up and progress was made in giving the export trade the quality of goods demanded, through the use of cold storage facilities.

Although the work of the Council was hampered by a necessity for economy, volume of sales was maintained in 1932 while 1933 showed a 30% increase in Western Canada and some increase in the Maritimes. There was a lack of organization for marketing among groups of producers of individual commodities.

There were a few notable exceptions to this general condition, for example the central packing and marketing facilities in Leamington and Essex districts, and the maintenance of a representative in Britain by the Fruit Growers' Association. Successful results followed attempts, in 1933, to organize smaller groups. These societies paid a certain charge for marketing services which proved a promising source of income for the council. The Marketing Association formed by the celery growers of the Thedford district is one example of this type of organization. Under active supervision of the Council they increased their income by \$50,000 in 1933, despite a short crop.

The Council took an active part in helping the grape growers through the difficult period of the thirties. Not only was the crop large, in 1931, but the wineries had a heavy carry over of their finished product from the previous year. The change from grape to malt beverages by the consuming public lost the growers a portion of their largest market. However, government regulation of wine production increased the demand from the wineries by 25 percent and as a result of negotiations a reasonable price was agreed on. The large trade with wineries up until this time led to a neglect of the fresh fruits markets for grapes. The Council undertook to revive this trade which resulted in 400 car loads being sold in Western Canada as compared with 40 for the previous year, and 300 car loads were sold in Ontario and Quebec. Prices, however, were low, due largely to the lack of effective organization among grape growers. The rise of the truck dealer movement in competing with the local shipper was also having an adverse effect on the industry. By 1936 the

grape-growers had begun reorganization and extension of their own Association with a view to working out a definite marketing plan.

The Marketing Board drew up a cold storage programme in 1931 to cover the needs of the Province on apples and fruits for a five year period and recommended that plans be made to take care of one-half the Ontario Apple crop in grower-owned cold storages. Fruit growers co-operative associations had been making use of such facilities for 20 years but numerous difficult periods had resulted in insufficient organization and lack of funds for such a costly undertaking. However such facilities had proven their value by allowing for improvement in grading and quality and uniformity in packing under a brand name. A further advantage was the ability of a group of these co-operatives to maintain a representative in Britain to arrange sales, advise as to market trends and to take advantage of the best and cheapest transportation facilities.

In 1938 over one and one-half million cubic feet of cold storage space was owned co-operatively by the primary producers and 800,000 cu. ft. of space was owned by organizations semi-co-operative in nature but benefitting the producers in each area where the plants were located. The largest co-operative cold storage in Canada is located at Simcoe Ontario; the property of the Norfolk Fruit Growers' Association. (1)
This society was started in 1906 under the leadership of James E. Johnson who believed true co-operation could only be found among people who were collective not individual thinkers.

(1) F.E.Ellis Co-operatives do Succeed--The Family Herald and Weekly Star Aug. 20 1941

The association began with neither a packing house nor an office and it was several years before a warehouse was built in Simcoe. A cold storage plant with capacity of 25,000 barrels was erected in 1929. This seemed a huge undertaking but successful co-operative marketing was stimulating the fruit industry in the country and as a result of four enlargements the plant now has a capacity of 100,000 barrels and is valued at \$290,000. In 1940 apple sales totalled \$144,850.80 and expenses \$11,747.16 with revenue from other sources totalling \$19,828.60.

Recently the society added quick freezing for berries of which Norfolk county is the largest producer in Ontario. All the strawberries and raspberries sold, in Canada, under the Bird's Eye Brand are processed and frozen by this plant which employs from 300 to 350 workers at the height of the season. This association of growers was not organized on a company basis and had not taken out a charter by 1940. The plant was paid for by the deduction of ten cents a barrel from growers' receipts over a number of years.

Some further idea of the volume of business carried on by a few of the larger fruit growers' co-operatives may be gained from the following figures for 1933. The Vineland Growers' Co-operative Co. Ltd reported sales to the value of \$253,717. The fruit business of the Niagara Packers Ltd. at Grimsby totalled \$190,000 and of the South Essex Growers' Co-operative Exchange at Leamington \$136,341.

Vegetables and Potatoes

Vegetable growers were particularly hard hit in the depression period of the thirties due to decreased purchasing

power in the urban centres of Ontario, the principal market for their produce. A number of societies carried on business, however, both to the benefit of their members and the consumers. The South Essex Co-operative Growers' Exchange is one example of a market gardeners' organization which did a successful business for a number of years, in South Western Ontario. Gradually through the depression period and particularly in 1934 and 35 conditions became more difficult as members dropped out or shipped their produce outside the exchange. In 1936 the Co-operative's collective packing and marketing plan, which had given stability to the price structure for the whole district, broke down. Growers began to realize that in staying outside the organization, they were losing money and after some changes had been made in the marketing policy, reorganization was effected including 85% of the growers and over 90% of the total production of the main crops in that area. This voluntary company with 325 members marketed over 440 carloads of tomatoes, cabbage, cauliflower, cucumbers, beans and peas to a value of \$330,000 in 1937.

The ~~Erie~~ St. Clair Onion Growers' Marketing Board, established in 1939, received a request from the majority of the growers in the counties of Essex and Kent for a central co-operative selling organization through which their crops could be sold. Subsequently the Ontario Onion Growers' Co-operative Company Ltd. was appointed to this work and took over grading, packing, storing and marketing of the 1939 crop. The Agricultural Products Co-operative Marketing Act of the Dominion government guaranteed any loss that might be sustained if onions had to be disposed of below a scale of agreed on prices. This

permitted initial advances to be paid to the growers as soon as the onions were stored in approved warehouses with final payment due, depending on the season's business. In 1933 the Ontario Onion Growers Co-operative with headquarters at Chatham handled 16,000 tons of onions with a sales value of \$404,000.

Turnips

The trade in turnips on the Ontario markets had been small before 1931. In that year at the suggestion of the Dept. of Agriculture the Blackwater Turnip Growers' Association conducted an experiment in marketing carefully selected, washed and individually branded turnips. One retail chain organization offered these in their Toronto stores and during the winter sales were doubled. As a result the Association remodelled and enlarged their warehouse and equipped it with suitable machinery to turn out this product. During the marketing season of 1931-32 demand increased and 1,000 bushels per week were being prepared in this manner.

Again by 1934 consumer demand on local markets had been falling off badly. A further effort was made to popularize the product by adding paraffining to the process of washing, topping and branding. Only turnips were branded that graded up to the Canada No. 1 standard. This experiment was successful and prices realized were double those received under the former method. Export of turnips to the United States continued to be a valuable outlet for the Ontario crop, as many as 4,000 cars being shipped in some years.

Potatoes

Potatoes are an important crop in Ontario, production

ranging between 15,000,000 and 20,000,000 bushels annually. The quality of offerings placed on the markets was much improved under marketing regulations and government grades originating in the twenties. In the winter of 1931-34 the Central Ontario Potato Growers' Association experimented with 'Canada Fancy' Dooleys offered in peck bags through some Toronto retail stores. This method proved a success but it was difficult to maintain uniformity of grade and continuity of supply without a central packing house. Such a plant was set up and all packing was done under the direction of one man. The demand was greater than the supply while the growers received a five cent premium per ninety pound bag. These experiments were under the direction of the two marketing fieldmen who were maintained by the Co-operation and Markets Branch of the Dept. of Agriculture. Their services were discontinued in 1934 because of the necessity for economy in government departments.

The problem of uncontrolled shipments of Eastern potatoes into Ontario came up again in 1934, as it had in the twenties, as a result of an exceptionally large Canadian yield. A conference of growers and dealers from the five Eastern provinces was held and the Eastern Canada Potato Marketing Board set up in January 1935. The Maritimes had lost their export market in Cuba and were unable to ship to the United States, but Ontario also had a surplus of 1,000,000 bags over the 1933 crop. Under the Marketing Board, Federal legislation, providing for compulsory grading and inspection was adopted for the first time in Ontario. The wholesale and consumer sales of Ontario potatoes were largely increased by the improved standard and quality. Inter-provincial consignment

shipments were abolished and mutual agreement reached as to price. The Eastern Canada Potato Marketing Board was forced to cease operations later in 1935 but in 1936 Ontario representatives of the industry met to draft a potato marketing policy. The need for and benefits of organization among potato growers to protect their own interests was realized.

The Ontario Potato Growers' Association was set up for the marketing of Big 'O' Brand potatoes. In 1939 these netted farmers 20 to 25 cents premium over ordinary Ontario table stock prices. The Alliston Potato Growers' Association, organized during 1939 to market a special pack of local No. 1 potatoes under the 'Big Chief' Brand, sold some 8,000 bags to the Ontario retail trade, in that year, at a premium of 25 cents per bag.

Seed and Grain

Nine associations with a membership of 1,423 growers reported in 1931. The total sales for the group in that year equalled \$537,032 of which the Harrow Farmers' Co-operative accounted for \$159,070. The Kenora District Clover Seed Growers' Association at Oxdrift was doing a promising business with a trade of 180,830 lbs. of clover seed and 60,455 lbs. mixed seed. Five Associations with a membership of 1,159 reported for 1933. They showed a standing of \$77,736 in assets and a total business of \$302,447. The Peel Seed Growers' Co-operative Ltd. at Brampton showed a turnover for the year of \$92,000 while the Oxford Farmers Co-operative Co. Ltd., which handled a considerable quantity of beans, marketed seed and grains to the value of \$90,000. This is only a representative picture of what was being done in

societies of seed growers since returns were not required to be filed.

The establishment of seed cleaning plants throughout the Province continued to be an important feature of the crop programme in the thirties. It was realized that the greatest single factor influencing the quality and yield of grain crops is 'seed'. In 1939 both the Kenora and Rainy River District Seed Growers' Associations were given assistance in marketing their crops by the Dept. of Agriculture. More than 200 circular letters were sent to prospective buyers in Canada and the United States to advertise seed from their districts and encourage competition. Many former buyers repeated their purchases and some bought seed for the first time, with the result that 600,000 lbs. of Alfalfa seed was marketed from the Rainy River District alone.

In New Ontario seed grains was the principal crop handled for farmers during the spring of 1938, but prices were lower than for the two previous years. Grains marketed consisted of wheat, oats, barley, peas and grass seeds. Demand was appreciably stimulated by the cleaning facilities installed at New Liskeard by the Temiskaming Producers' Co-operative Co., and a similar plant at Earlton, since buyers came to rely on the grade packed in new, stencilled sacks. Recleaned feed oats sold readily to lumber camps at a premium over Western Canada No. 3 grade which they bought ordinarily. Wool.

In order to increase effectiveness, sales agencies have been formed on a regional or Dominion-wide commodity basis, of which the Canadian Co-operative Wool Growers' Association

is a notable example. Producers enter into a three year contract to deliver their entire crop to the association at warehouses serving various producing areas. The purchase of shares by producers is voluntary but the number of shares allowed any one grower is limited and does not allow the privilege of more than one vote. The main depot of the Association is at Weston, Ontario, with a capacity for storing 400,000 pounds of wool and a subsidiary warehouse is maintained at Carleton Place. Returns are pooled on a grade basis by districts.

For the year ending February 28, 1934, the quantity of wool marketed by the company increased 25 per cent while value of sales more than doubled. In 1937 there were 2,600 Ontario producers as members of this co-operative selling agency which was marketing about one-third of Canada's total fleece wool production. The average wool clip for the six years up to 1937, handled by the Company for Ontario growers, was 750,000 lbs. In 1934 total assets of the Company equaled \$297,584, paid-up share capital \$115,110, and surplus and reserves \$252,274. Earnings on \$100,000 free capital went toward reducing handling costs on wool. The total wool sales amounted to \$746,896 and supplies handled for patrons to \$55,409.

A price advantage of 25 percent had been attained in the first few years of operation, but this spread had narrowed so that the non-member producer had received benefit from this co-operative effort. Wool production had been improved and the grower put in direct touch with the international wool market. One department of the association looked after the sale of manufactured woollen goods and another handled materials

and stockmen's supplies for the membership. Educational work was directed towards the consumer to encourage a larger use of Canadian wool and toward the producer by means of a quarterly paper, the Canadian Wool Grower, which gave market trends and emphasized improved quality.

Dairying

Thirty-seven co-operative dairy associations, with a membership of 1883, reported their activities for 1931. The total business amounted to \$1,715,702 of which the United Dairymen Co-operative Ltd. contributed the major part. This Company, which was organized as a marketing agency in 1920, sold by auction for a number of years, then established its own agents in Britain and sold under a registered brand name. In the first year of operations 43,602 boxes of cheese were handled, this was increased to 206,862 boxes in the peak year 1926 and 122,819 boxes in 1931. A handling charge of five cents per box was levied against producers and a policy, of building up a reserve fund rather than paying a patronage dividend, followed. A total of \$12,759 had accumulated in reserve by 1931. In addition the company marketed approximately eight tons of butter. Financial difficulties and lack of patronage brought reorganization in 1934 and the United Dairymen Ltd. was formed. This new company carried on a cheese export business on much the same plan as previously; business in 1933 amounted to \$921,828. Of the 15 co-operative dairy companies reporting in 1933 the New Dundee Co-operative Creamery Ltd. was one of the largest, showing a business amounting to \$500,000. Another successful company was the Hamilton Co-operative Creameries Ltd. with a business of \$200,000 in 1933.

The dairy industry was in a depressed condition in the early thirties due largely to the low prices being paid for cheese milk and the consequent oversupply on the butter and fluid milk markets. Cheese was the one dairy product with an unlimited export market yet this outlet for milk was not being exploited. It was believed that milk production, in Ontario, could be doubled provided cheese-milk prices were made profitable. The major cause of this condition was the lack of farmer organization in the dairy industry as a whole. The Marketing Board therefore suggested that milk producers organize on a commodity basis, that is, organize according to cheese patrons, fluid milk producers, and cream shippers.

In 1934 the Cheese Patrons' Association was formed to take over the management and reorganization of the domestic and export marketing of cheese on a competitive basis. This association was a combination of all cheese factories in the Province; both co-operative companies and those privately owned. It was an attempt, under Federal legislation, to give the cheese-milk producer control of the marketing machinery for his product. Organization was completed in 1936 under which all producers were registered through their factory and all cheese buyers licensed. A representative was maintained in Britain to promote demand, higher prices and to keep producers informed as to marketing conditions. In 1938 sales were made in England to the value of \$223,585.87. Local cheese boards were set up through which graded cheese could be marketed. The success of this method may be judged from the fact that in 1935, 36.60% of the product was handled in this way while by 1939 the amount had increased to 93.14%. Cheese production was stimulated since 1,252,418 lbs. more were made

in 1939 than in 1938.

The Farmers' Magazine, of June 1941, contained a short article on the Belleville Cheese Board which is a good example of one of these selling agencies. The written records of the Board date back to 1878 during which time it has been engaged in bringing buyers and sellers together. The sellers consisted of a representative from each of the 56 factories which belonged to the association in 1940 while the buyers represented both supply houses and individual purchasers. Cheese was sold by auction. During the period, May 1 to December 1, of each year, auctions were held every week; as high as 5,000 boxes or 475,000 lbs. being sold at one sale. At average cheese prices an auction brought the sellers approximately \$85,500 which explains the fact that this business was considered Belleville's 'Million Dollar Industry'. In 1940, with both increased demand and higher prices the above figures were more than doubled. Over 50 of the factories making up the Board were functioning as co-operatives. This was a case both of co-operation among cheese-milk producers and their cheese factories, which is very desirable for effective price stabilization.

The Cloverdale Cheese and Butter Factory in Prince Edward County is a good example of a co-operative association of milk producers. The output of this plant was being sent to Britain; a direct result of the expert work of the manager, H. S. Channell, whose cheese graded 98.3% in 1939. Approximately 450,000 lbs. of cheese and 16,000 lbs. of whey butter was being manufactured annually from milk supplies by 140 patrons.

Livestock

A large percentage of the livestock marketed co-operatively in this period was being sold through the United Farmers' Co-operative Company; this business amounted to \$7,360,401 in 1932. Twenty-one associations, outside the U.F.O. reported sales of livestock to the value of \$714,052 and purchase of supplies to the amount of \$69,196 for that year. In 1934, 20 unaffiliated associations reported membership totaling 3,273 and business of over \$1,000,000. The larger co-operatives among these were the Parkhill Farmers Supply Co., The First Co-operative Packers of Ontario Ltd. at Barrie and the Omeme Farmers Club the oldest livestock shipping association in the Province, having been formed in 1912.

The First Co-operative Packers Ltd., Barrie Ontario, in which was invested almost \$250,000 of farmers' money, from that district, was closed and practically bankrupt in 1932. Poor management and mistaken policies could not stand the test of the depression period. In 1934 the Ontario Government took a first mortgage of \$25,000 on the Co-operative Company's Assets, enabling the plant to re-open. Later assistance was extended by guaranteeing a moderate bank credit for the Association provided it operated profitably from month to month. As a result the Company was put on its feet and at no cost to the government. In 1937 the first patronage dividend was paid, amounting to \$7,000.

The cause of bankruptcy in this plant was traceable to lack of experience on the part of directors in this highly technical industry. To the efficient management of Mr. Morrison goes the credit for turning the Co-operative into a

thriving industrial unit. The packing business in Canada was difficult as compared with the co-operative method of production and processing in Denmark, where all hogs were required to grade up to a certain standard and careful breeding was carried out to that end. In Canada the packer faced the difficulty of finding a market for pork products from low as well as high quality hogs and through advertising to create an outlet for every part of the carcass in an effort to avoid waste. Co-operative packing was, therefore, a risky undertaking especially in view of the fact that a few large corporations had attained a high degree of efficiency in this field. The Co-operative Packers of Barrie realized that their hope for success lay in educating the members to produce a large percentage of top grade hogs the products from which commanded a ready market at top prices. The efforts of the plant management along these lines resulted in improvement of breeding and finishing of hogs going ahead by leaps and bounds until in 1938, the kill from this plant stood highest in quality of any in Canada.

Mr. Morrison believed that if a minimum of 25 percent of Canadian livestock was handled in co-operative plants it would be sufficient to maintain control and keep healthy the marketing of livestock throughout the Dominion. Farmers would gain a better appreciation of the workings of the industry and a certain amount of unjustifiable criticism of established plants, which always reacts unfavorably on the industry as a whole, would be eliminated. The association in Barrie began to train young men in every aspect of packing and in co-operative principles as they are relevant to that industry. Men trained in this manner would be necessary to the establishment

of a chain of co-operative plants, in giving leadership, co-ordinating plant efforts and directing education along the lines of swine improvement. Not only was there a lack of a good percentage of high quality hogs being produced, but offerings were not spread evenly throughout the year leading to wide price fluctuation and hampering the marketing of the finished product. This worked to the detriment of the farmer and the industry as a whole and could have been corrected to a large degree by constructive co-operative effort. It is a case of the farmer being out to beat the packer, under the system of privately owned packing companies, while their interests should be the same.

The First Co-operative Packers extended their operations to include all types of livestock as well as maintaining a produce department to handle butter, eggs, cheese, poultry, shortening, canned goods etc. By 1939 the Association had improved its position to the extent that all types of livestock handled showed a percentage increase over the previous year as compared with the general trend for Ontario packing plants, which was decreasing. The beef, veal and lamb departments showed an increase in volume of business of 58% and the produce department an increase in value of business of 42.89%.

Tobacco

Flue-cured tobacco

Two marketing associations were formed among tobacco growers in 1932. One of these, the Ontario Tobacco Sales Co-operative Ltd. agreed with the producers, in 1933, to sell for them a surplus crop of five million pounds out of a total production of 28 million pounds. Inadequate marketing methods

had necessitated this agreement as well as the formation of the other co-operative namely the Southern Ontario Flue-cured Tobacco Growers' Co-operative Association Ltd. Although improvement in the industry was noted these sales organizations could not control output at a time when there was a lack of balance between production and market demands resulting in low prices.

In 1934, the growers, having over fifteen acres, accepted acreage control regulations, imposed by the Associations, to the extent of 7,000 acres and borne by 700 producers. This reduction was restored over a four year period while during the same time 20,000 acres were allotted to new growers. When the Dominion Natural Products Marketing Act, under which the two co-operatives operated, was declared ultra vires in 1935, the Flue-cured Tobacco Marketing Association was organized and handled the bulk of the production in Ontario.

In 1938 between 87% and 90% of the growers were members of this association while tobacco processors were also members. The 16 directors included 10 growers and 6 buyers while the appraisal or price-negotiating committee consisted of 3 growers and 3 buyers. An effort was being made to operate democratically, but this was difficult since an intricate system was necessary to provide for representation of the local units, the appraising, the negotiating of prices, and administration generally. Rigid control of acreage was submitted to by 2,150 growers in 1938 while there were some 270 growers outside the association and its control. However the buyers being members of the association along with growers insured purchase of the latter's crop first while price setting eliminated competition among buyers.

Considerable expense was entailed, by the Association in carrying out its operations. It had a staff of crop appraisers, engaged registered land surveyors to facilitate the enforcing of acreage limitations and carried out educational work among its members. The Association was able to boast of having extended the market for Canadian tobacco both at home and in Britain by increasing the percentage of Canadian leaf used in the manufactured tobaccos of both countries. Production was regulated to demand and prices raised by 7 to 9 cents a pound. The Organization's biggest problem has been to regulate expansion, taking into account the independent growers who threatened the industry. Production increased enormously following the depression period of 1930-34.

Burley Tobacco

The Burley Tobacco Marketing Association of Ontario was organized to operate along similar lines to those employed by the flue-cured association. Formation of this co-operative, by the growers, was the result of an effort to stabilize the industry which had been experiencing ruinous prices and conditions. In 1934 too heavy stocks were being carried over so a curtailed acreage plan was decided upon which kept production in line with demand and improved the price. The majority of Ontario's burley tobacco crop was being purchased by Canadian manufacturers.

Honey

Honey producers felt the effects of low prices and demoralized markets during the depression period of the thirties as did all other commodities. The Ontario Honey Producers'

Co-operative Ltd. reported sales to the value of \$443,199 in 1931 which was considerably less than the turnover for the first few years of operation while in 1933 only \$250,000 worth of business was done although a short crop accounted for part of the decrease. The Co-operative Co. requested the Ontario Marketing Board to make an investigation into the export marketing difficulties of the honey industry in 1931. There was an unlimited market in Britain for Ontario honey sold as a distinctive product, uniformly blended and bottled under a brand name, but conditions made exploitation of this market difficult. The Ontario Honey Export Association was organized at the suggestion of the Board in 1932.

A Honey Commercial Representative maintained in Britain arranged for the marketing of the 1933 export shipments. Partly because of their efforts and partly because of the light crop a two cent per pound increase was realized in 1933 over 1932 prices. A start was made in selling bottled and branded honey in England. During the 1933-4 shipping season 534,190 lbs. of light honey were shipped to the United Kingdom, 11,220 lbs. of dark honey sold to Norway and 428 dozen sections of comb honey placed in England.

Although it had produced excellent results the Export Association discontinued work in 1936. The loss of this stabilizing influence led to the collapse of the honey market in the same year. An effort was made to set up a Local Marketing Board under the Natural Products Marketing Act later in 1936. The objects of the Local Board were registration of all producers, licensing of buyers, and regulating of export shipments, avoidance of price-cutting, and insuring adequate grading for the overseas trade. The Co-operative

Co. was performing a useful function for the producers, but its organization for export marketing had not been sufficiently well established to withstand the difficult slump period with its low prices and unsteady markets.

New Ontario

Co-operative organization among agricultural producers was having an increasingly beneficial effect on production and marketing in the more or less isolated districts of New Ontario. An interesting example of work being carried on along this line was the Temiskaming Producers' Co-operative Company Ltd. at New Liskeard which was organized in 1937 by the Markets Promoter. The Association was incorporated with a capital of \$25,000 made up of 2,500 shares at \$10 each. Farmers were required to subscribe for at least one share and 5 percent was deducted from the selling price of each member's produce until one ten dollar share was fully paid-up. The purpose of the society was to process, store and market local farm produce.

During the spring of 1938 the seed cleaning plant cleaned and graded 13,214 bushels of seed grain and 3,145 lbs. of grass seeds. Later the marketing of No. 1 grade potatoes was made possible by the addition of a rubber grader and scourer to the association's equipment. Another venture was that of the installation of a refrigeration system making possible the storage of meat from week to week and of eggs for the entire season. A sizeable egg business was being built up from a small beginning when eggs had been packed in one dozen cartons and shipped to Timmins. The Co-operative was successful in its attempts to enhance the market value of the three important

crops of that district, namely, potatoes, eggs, and seed and feed grains.

Community Co-operation

An interesting example of community co-operation is that of the parish centered around the village of Lafontaine, in the vicinity of Penetanguishene, Simcoe County. Father Marchildon who ministered to this French-Canadian district organized study groups in 1938, for the purpose of self-education along the lines of co-operative effort and social betterment of the community. From these five groups, including some 200 families, co-operative effort materialized in the form of a Credit Union, retail store, potato growing, chopping mill, fertilizer syndicate and the construction of a community hall. Father Marchildon was the guiding light in all these undertakings.

After considerable time had been spent in the study of co-operative principles, at weekly meetings, one of the five groups decided to make a beginning with a co-operative store. One of the members with the help of his wife and daughter set up and operated the store in part of their house which was situated outside the village. These members carried on the work without remuneration. Groceries of all kinds were kept in stock along with such farm necessities as feed, seed, fertilizers and barn and garden utensils. Another group took upon itself the work of organizing a credit union. During the first year each group kept the money it had raised and loaned it within the group. From then on the money was turned over to the central board which originated with the particular group undertaking this work. Money was then loaned to

members of each of the 5 locals from this central office.

This was not a rich agricultural district since the soil was, for the most part, not overly fertile and was broken by tracts of sand and rock. No particular product was being grown which would warrant co-operative effort in production and marketing, so the advice of the country's agricultural representative was sought as to a crop best suited to that type of soil. Potatoes were advised and received the approval of the community. Groups of farmers invested in good seed stock and relatively costly spraying and harvesting equipment. It was discovered to be the best policy to appoint one man, within a group, as custodian of the machinery and to pay him an hourly salary which was to include the cost of minor repairs. Perhaps the best plan would have been to build up a sinking fund to take care of breakage and depreciation. The project in co-operative potato growing was a great success. Popular varieties were grown which allowed for standardization of quality within the group. The equipment purchased co-operatively permitted keeping both disease and potato beetles under control. During the first year of operation the crop was sold early in the season and at satisfactory prices; one man alone sold some 800 bags of potatoes.

In 1940 a co-operative chopping mill was under process of construction; being financed by the sale of \$25. shares to the members. A fertilizer syndicate was also formed and did \$2,500 worth of business the first year. As a result the appointment of a salesman to handle all lines of farm machinery and equipment, was planned. The building of the

parish hall was accomplished by labor from the community, using lumber from the parish. Both local labor and local lumber went into construction of everything including folding chairs for the hall.

Father Marchildon believed that farm social and economic problems could be unbreakably interlocked as a result of study groups and co-operative effort. He maintained that "just the mere fact that people can meet together to discuss their every day work brings about more tolerance. It helps to remove harmful prejudices." In a community such as this, where racial and religious bonds held the people together, co-operation was an ideal which was reasonably sure of success if humanly possible. Furthermore, any small savings or increases in returns that could be obtained as a result of co-operative effort were especially worth while to these people of low income who produced under difficult conditions.

Although the trend, in the period 1930-40, was toward commodity organization under marketing boards, co-operative effort was flourishing on a district and commodity basis. As we have seen co-operative practice ranged all the way from highly technical forms of organization, as was found in the U.F.O. to relatively simple forms such as community co-operatives.

Co-operatives have educated their members to produce the kind and quality of product that the market demands. They have exerted a real influence on the standardization of grade and pack of Canadian products. The activities of the dairy, grain, poultry and honey co-operatives would be cited in this

regard. The large associations keep in constant and direct touch with domestic and foreign markets by means of telegraphic reports, and with this information are in a position to regulate the flow and improve distribution between markets.

With knowledge which the individual producer cannot command, market gluts are avoided. By collective bargaining the cooperative has strengthened the position of the individual.

These things have been accomplished and at the same time favorable public relations well maintained on the whole. All this resulted in reduction of waste, better quality of product and improved service or more efficient marketing.⁽¹⁾

(1) Canada Year Book 1941

MEMBERS' CO-OPERATIVE BUSINESS ORGANIZATIONS IN ONTARIO, 1932-1940

| <u>Assoc's</u> | <u>Places of Business.</u> | <u>Share-holders.</u> | <u>Patrons.</u> | <u>Total Assets.</u> | <u>Val. of Plant.</u> | <u>General Liab's</u> |
|----------------|----------------------------|-----------------------|-----------------|----------------------|-----------------------|-----------------------|
| 69 | 80 | 26,023 | 27,859 | \$ 1,900,529 | \$ 730,943 | \$ 976,364 |
| 110 | 121 | 35,491 | 43,740 | 2,867,149 | 1,189,003 | 1,394,229 |
| 117 | 130 | 33,729 | 41,677 | 3,148,741 | 1,393,991 | 1,261,859 |
| 145 | 173 | 35,937 | 44,150 | 3,497,066 | 1,369,954 | 1,379,714 |
| 153 | 177 | 35,251 | 48,508 | 3,833,054 | 1,597,934 | 1,561,954 |
| 139 | 160 | 37,736 | 50,749 | 3,978,758 | 1,469,810 | 1,746,161 |

| <u>Paid up Sh. Cap.</u> | <u>Reserves & Surplus.</u> | <u>Sales of Farm Prod's.</u> | <u>Sales of Supplies.</u> | <u>Total business done including other revenue.</u> |
|-------------------------|--------------------------------|------------------------------|---------------------------|---|
| \$ 634,846 | \$ 289,319 | \$ 9,190,374 | \$ 1,556,821 | \$ |
| 1,057,077 | 415,843 | 9,485,279 | 2,017,188 | 11,546,587 |
| 1,110,279 | 776,603 | 11,446,004 | 1,389,173 | 12,916,565 |
| 1,061,956 | 1,055,396 | 16,655,664 | 4,136,008 | 20,836,171 |
| 1,155,529 | 1,115,571 | 33,014,301 | 3,741,002 | 36,618,286 |
| 1,104,158 | 1,128,439 | 32,513,443 | 3,798,837 | 36,381,688 |

to effect savings in the purchase of supplies for the members. The co-operative movement in Ontario has been confined largely to producers interested in selling their produce, although many of these made their beginning as buying clubs. In Europe, on the other hand, consumers' co-operatives in the form of retail stores have been predominant since the density of the population allows a larger turnover and permits a greater margin of saving for the consumer. There is, therefore, in Ontario a need for a wider wholesale co-operative movement, as has been begun by the U.F.O. so that further saving can be effected for retail societies through collective buying. These larger units might then be federated into a national co-operative wholesale, thereby putting the whole buying power of the Canadian Co-operative Movement behind the smallest retail society or buying club. The affect would no doubt be to raise the average purchase dividend and attract a larger membership, so increasing trade. Co-operative economies would be increased and organization of new societies stimulated.

One of the basic principles of co-operation is that all business should be done on a cash basis. There has been, however, a definite need for credit facilities being made available to farmers both in the form of short and long term loans. In many countries agricultural credit has been undertaken by the government either directly or through organizations set up for that purpose. Farmers should, however, assume a substantial degree of responsibility in this field and organize for that purpose in the form of credit unions. Such societies have proven themselves to be of enormous advantage to primary producers, in Quebec, in supplying short term loans. There is

also a need for credit to co-operative associations to cover the requirements for productive agriculture and marketing of produce, at interest rates well within the capacity of agriculture and its economic institutions to pay. This is definitely a service which would have to be undertaken by government.

The problem of long term loans at reasonably low interest rates has been one of the most difficult to solve to the advantage of primary producers. The farmer who was forced to mortgage both land and equipment at the time of purchase has been invariably faced with a debt covering several years duration and at interest rates above what the industry would bear. The majority of such purchases have been made when land values, interest rates and prices, in general, were high. Being of necessity a long term debt the borrower faced the slump period in the business cycle, which followed closely on the boom period in which he had made his purchases, with large commitments for principal and interest, and at the same time a low income. It is not to be supposed that the length of time over which the debt will run can be shortened; but provision can be made for small payments on principal over a number of years and at low interest rates. Such a form of credit cannot be undertaken by co-operative societies with limited financial resources and therefore must be undertaken by government. There is legislation in Canada providing such facilities to primary producers but it has failed to be so advantageous as to relieve, to any great extent the unhealthy condition existing. Part of the problem of agricultural credit could, however, be greatly relieved by the

extension of co-operative credit societies to take care of short term loans.

As mentioned in (3) above, and as we have seen in our study for the period 1930-40, the trend has been toward central organizations in which several local co-operatives are affiliated. The measure of accounting and financial supervision undertaken by these central associations has been a result of experience in the establishment of co-operatives on this continent. Many promising societies have failed because accounts were not kept and members lost confidence when minor financial difficulties were encountered. Other associations failed because a premature patronage dividend was paid in an effort to maintain the interest of members. It may easily be seen that supervision by competent leaders of well established central organizations, in the formation of new societies, has resulted in greater efficiency, sound basis of formation and operation and reduced numbers of failures among new associations. The parent society may also be in a position to lend financial aid in organization because of a strong position with regard to membership, reserve funds etc. It is, however, recognized that individual societies should be, in a large measure, financially independent and supplied with necessary capital by members in proportion to the use made of the co-operative by them. The tendency for locals to become members in central organizations is a beginning toward what may develop into a national movement of affiliated associations, as is the case in Britain.

There exists in the Co-operative Union of Canada the possible nucleus of a national organization of power and in-

fluence. But it has made slow progress in bringing together the scattered societies in this country. The fact that the majority of flourishing co-operatives have attained their successful position independently makes them hesitant about joining a union, which they would be forced to help support, with no apparent benefit to themselves. This is a short term view; a national organization, provided it had the support of a majority of local societies, would benefit locals both directly and indirectly by giving impetus to the co-operative movement in general. A national union would be in a position to influence government policy so far as it concerned the primary producer. Publication of articles, pamphlets and books as part of a broad educational program both in co-operative principles and in the latest developments of the movement would be made possible. Friendly relations could be established between co-operatives of various commodity groups as well as between co-operatives and other organizations, for example church groups, educators, and organized labor, through the medium of conferences and recreational gatherings. There is a definite need for such meetings between members, directors, and employees of various societies where co-operative progress and methods could be discussed. Stimulus could be given the movement through the employment of field men by the union to aid in establishment of new associations. The Co-operative Union of Canada has been hindered in its work by a lack of funds and has had to rely to a large degree on aid from English and Scottish wholesale societies, for its support.

Governments have come, increasingly, to recognize the value of co-operative enterprise and have given it certain

rights under legislation in the face of stiff opposition from private business. The latter sees in co-operation among producers and consumers the elimination of profit to private enterprise and, in fact, the elimination of private enterprise itself. Businessmen consider that they have borne the majority of the nation's taxes at the expense of profits. Surplus accruing to co-operatives is distributed as patronage dividends and escapes taxation, since it is not considered as profits, income nor trade discounts. Co-operation had its beginning among the economically weak, and if it has risen to a position where private enterprise is threatened, it has done so through efficiency in the face of competition, and because it has been of benefit to its members. The success of co-operative organization cannot be attributed, in any substantial degree, to a privileged position under legislation.

The co-operative movement is one which no government should hesitate to support; a fact which has been recognized by practically every advanced country in the world. Co-operatives can never conflict with a democratic constitution, provided they are organized in accordance with the principles of co-operation which is itself a product of the larger democratic movement. Co-operative policies do not conflict in the main with legislation designed in the interests of primary producers. A co-operative marketing association, for example, could and does become a part of a comprehensive marketing organization under legislation, giving to its members a service outside that of the larger organization but not incompatible with its operations. It is imperative that Canadian agriculture be organized if it is to meet primary producers of other countries on equal grounds in

world markets. It is also necessary that policies be evolved representing deliberate efforts to improve the status of agriculture by specific state action. Along with government regulations, farmers, who have been victimized by the prices which they have to pay and accept, may seek improvement through co-operative action.

At the Co-operative Conference in the U.S.A., 1940, John Carson, a representative of the Co-operative League declared "many leaders of producers' marketing and selling co-operatives are now realizing that the security and success of these societies will be found in the development of a strong consumer co-operative movement." Again Henry A. Wallace, Vice-President of the U.S.A. says: "The only way in which democracy can survive the logical onslaught of the dictator-state aspect of communism and fascism is to develop the genuine co-operative ideal to the limit. Producers' co-operatives are not enough--the co-operative spirit must pervade the whole community and this means there must be consumers' co-operatives as well." Producers' co-operative associations are organized to carry out the functions of processing and marketing but this marketing is done largely in the form of sale to retailers. There is no reason why the retailers handling co-operative producers' goods could not be controlled by urban consumers who would receive the profits from their business in the form of patronage dividends.

Co-operation is one means of bringing producers and consumers closer together. Producers gain a better knowledge of market requirements, than under a system where middlemen

perform the marketing function, and this knowledge tends to hasten any necessary adjustments in production as well as improvement in quality. Although it is difficult to improve on the efficiency of private enterprise in the handling of a good many farm products and supplies, yet co-operatives have a place in marketing, provided too drastic an improvement is not expected of them over the former method. Outlets for farm produce may be extended, price improved, returns increasing through patronage dividend, and efficiency extended to relatively isolated rural districts. It must be remembered that co-operative action cannot provide a complete solution to marketing problems. But a good many examples showing very real improvement might be cited, for example the sale of wool through the Canadian Co-operative Wool Growers.

Co-operative marketing encounters various conditions or factors that tend to limit its scope.⁽¹⁾ While the price improving possibilities may be considerable, it must be noted that unless the activity concerned happens to be in an expanding stage, or unless the co-operative takes over an existing plant so as not to become a net addition to the number of plants already in the business, there is a real danger than any gains, resulting from price competition, may be offset by a loss of efficiency.⁽²⁾ There is a limit to the comparative net return and reduction in costs as compared with other systems. The spread in net return between the co-operative system and that of private enterprise has narrowed down through competition of the latter and by their

(1) Limitations of Co-operative Marketing, C.S.T.A.
W.H.J.Tisdale

(2) Readjustment Through Co-operation, C.S.T.A.
W.M.Drummond

reducing of profit and paring of costs. The best the co-operative system can do is to adopt orderly marketing and broaden its outlets. There is also a limit to the enforcement idea in the form of contracts of members with their association. Co-operative marketing should stand or fall on its own records and the best form of contract is 'complete satisfaction for service rendered.' A third limit is one of a limitation on the quantity or volume of any product handled co-operatively since it is recognized that competition is the life of trade. An editorial note in the Farmers' Advocate states "Co-operation and the competitive system need each other. One suppresses monopoly and unethical practices while the other forces efficiency and sound business methods."

One of the unfortunate things about the co-operative movement and much of the education along co-operative lines in this country is that it tends to discredit private enterprise.⁽¹⁾ It is difficult to avoid this since co-operative organizations are competing for business with privately owned and controlled concerns and their natural tendency is to try to make farmers believe that the latter are exploiting them. Co-operation should be looked upon as a means of making capitalism work rather than as something that should be substituted for it. We should believe in capitalism, because farmers are an important class of capitalists and the only alternative to a capitalistic system is one of state socialism or dictatorship.

Co-operative action need not be an effort to eliminate private business but merely, so far as producers are concerned, an effort to maintain some measure of control over the

(1). The Canadian Countryman. Editorial by Daniel McKee

marketing of their produce. Marketing legislation, in Ontario, has been designed to aid producers along this line. Professor A. Leitch states "It is shaped to provide marketing activities with the appropriate regulation by properly chosen and qualified majorities of producers, that will eliminate the abuses that arise out of weakness, vulnerability, and ignorance of producers as sellers on the one hand, and the undesirable competitive practices of buyers or marketing agencies on the other hand." There is a grave danger evident in such marketing legislation. Sincere and active proponents of the ultimate aims of co-operation are apt to depend on it to solve their problems. Voluntary co-operation forces the emphasis to be put on management and sound business policy. Operation under marketing acts demands equal emphasis on these fundamentals, if there are to be majorities of producers, as mentioned by Professor Leitch, which are essential to the operation of such legislation. Marketing acts are not a solution of the agricultural marketing problem but are a useful device to supplement the work of voluntary co-operatives. The challenge to co-operatives is whether they can use this device without ruining themselves.

The Canadian Federation of Agriculture has been in favor of Federal legislation which would permit farmers to control the marketing of their products and has continually requested such legislation since its formation in 1936. Marketing acts of this nature are found in eight of the nine provinces. An indication of the attitude of the Ontario government toward farm organization may be found in an address by the Hon. P.M. Dewan, Minister of Agriculture, at the National Farm Conference early in 1941, when he said, "My own leader, the Premier of this Province, and my colleagues, are much concerned with the

economic plight of our farmers at the present time. They appreciate that we ought to lend a helping hand. It is generally recognized that in union there is strength. And so to help with such organization the Agricultural Representatives of the various counties and districts of this province will assist in the economic union and federation of farmers in their respective districts."

The Canadian Federation of Agriculture was formed to be the representative of agriculture in the Dominion. It was designed to include organized groups of farmers as well as individuals. It is broken up into Provincial Federations and they in turn into county federations to which farmers belong on the payment of an annual membership fee of one dollar. The Federation was formed as a non-partisan body as a result of the idea that, to be effective in the political field, it was not necessary for the farmer to go directly into politics as a party organization. The aim from the beginning has been to organize agricultural producers in a union that would be recognized by the Federal government, as speaking for farmers as a whole. Remarkable progress has been achieved. It is significant to note that over ninety percent of the farmers were willing to join the Federation on its first bid for membership. It is a trend of the times in which we have other groups, labor for example, organizing in order to make their demands heard.

The question of parity prices for agriculture has been the main point stressed by the executive of the Federation when allowed a hearing by the Dominion Prime Minister and his cabinet ministers. The matter of division of the national income is

important when we consider that one-third of the population of Canada, which is engaged in agriculture, has been receiving but one-sixth of the national income. It is considered the best policy for any one group, desiring to improve its position, to do so by increasing the national income rather than by attempting to redistribute the prevailing income or in other words exploiting some other group. Although a sound economic principle, it would seem a thankless task for agriculture to attempt to increase its share by increasing the total when it has such a small share to begin with. Agricultural producers could go at the job with more hope of success if the national income were dividend on a more equitable basis, so that all groups might work together to enlarge the total. This is what the Federation is attempting to do in demanding parity prices.

Although parity for agriculture is a legitimate demand, it is doubtful that government bonuses are a sound method of attaining this parity. The attainments of the Federation in this field to date have largely been in the form of subsidies to agriculture. It is recognized, however, that any other system would be impossible in wartime under a price ceiling and in view of the fact that Britain cannot pay higher prices for essential food supplies. Bonuses can be excused in wartime; but increased prices to the consumer should be substituted for them in peace time.

The growth of co-operative enterprise and farmer organization in recent years can be attributed in no small part to the extension of co-operative education with its social and economic aspects. One notable example of this is

in the farm radio forums, which were begun in the winter of 1939-40, and designed to bring farmers together in small neighbourly groups, once a week, to discuss their problems. The success of these study groups in giving farm people a broader view of economic and social questions as well as in initiating co-operative effort cannot be doubted. The principal hindrance to a more widespread movement developing from these educational systems and the trend of the times has been the lack of a sufficient number of trained leaders.

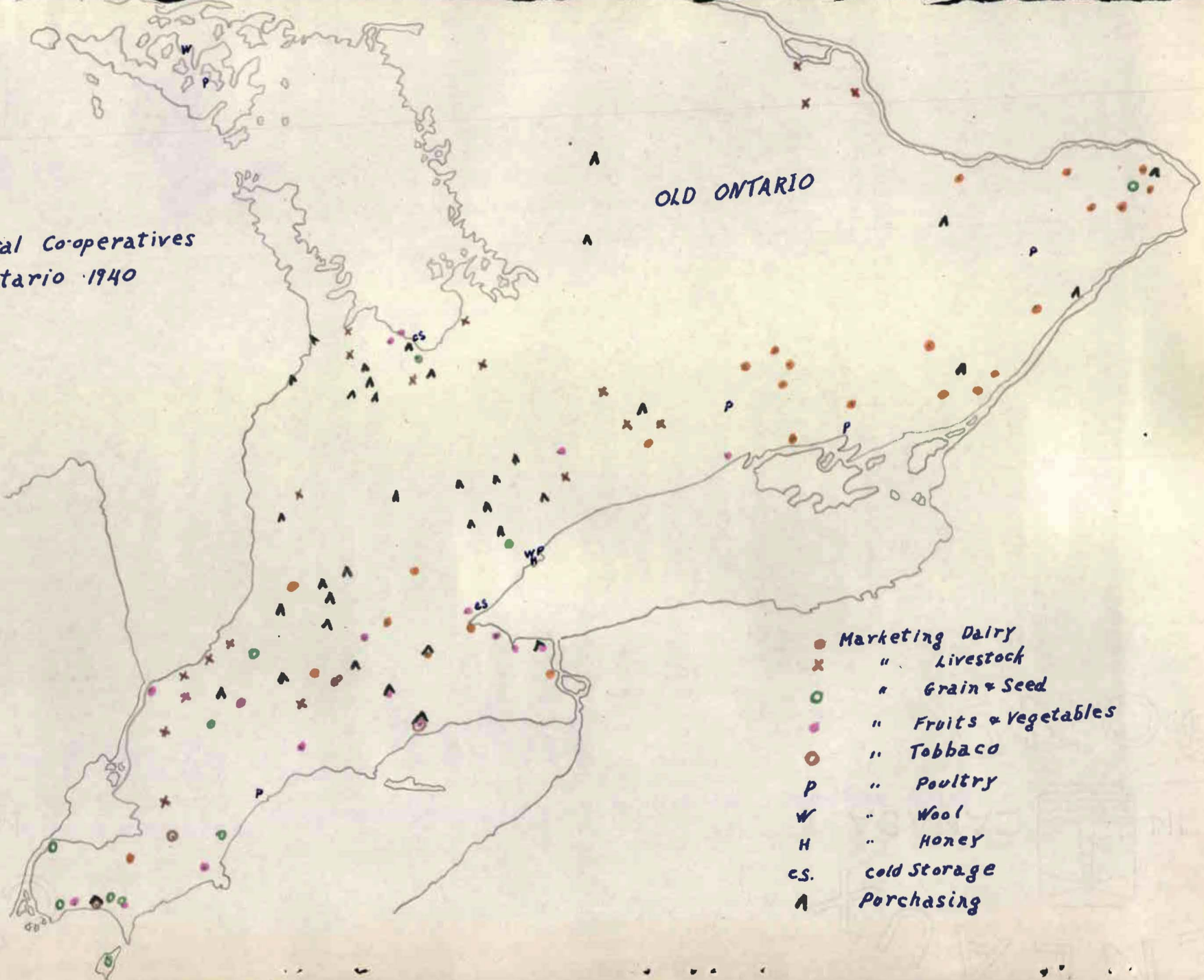
Our study of agricultural co-operation led us to consider community co-operation as it is found in some parts of Ontario, among French-Canadians who were bound together in one religion, under one priest, and having few of this world's goods. It is to be doubted whether such a form of co-operation would flourish in the majority of English-speaking communities of this Province. Apart from a main product that may be produced in any one district, there is no homogeneity as to religion, political affiliation, or social and economic status. It is an age of selfishness and speed where recreation is found in the urban centres and little time or desire is found for neighbourliness. This view has been somewhat refuted by the success of radio forum groups but undoubtedly still holds true. The tendency is toward larger farm units with mechanized equipment and similarly in organization the trend is toward large co-operatives organized under marketing boards which will be influenced by the still larger organization of the Federation of Agriculture.

Co-operatives can play an important part in improving the farmer's position economically. Their place in increasing the

national income may be found in extending the export market and exerting a regulatory influence on quality and price of farm products. There is a profound truth and significance in the statement that is so often heard in the rural community "give the farmer money and he'll spend it." The significance lies in the fact that the purchasing power and standard of living in agriculture has been too low. If democracy is to flourish it must work in the best interests of all the citizens. So long as we have organized companies making profits enough to pay very large salaries and dividends besides bonuses for the chosen few, out of the processing of farm products from which the farmer gets a mere existence, we have not got democracy in the words of the motto--Liberty, Fraternity, and Equality. True agricultural co-operation can exert a great influence in building and maintaining a democracy of justice and equality.

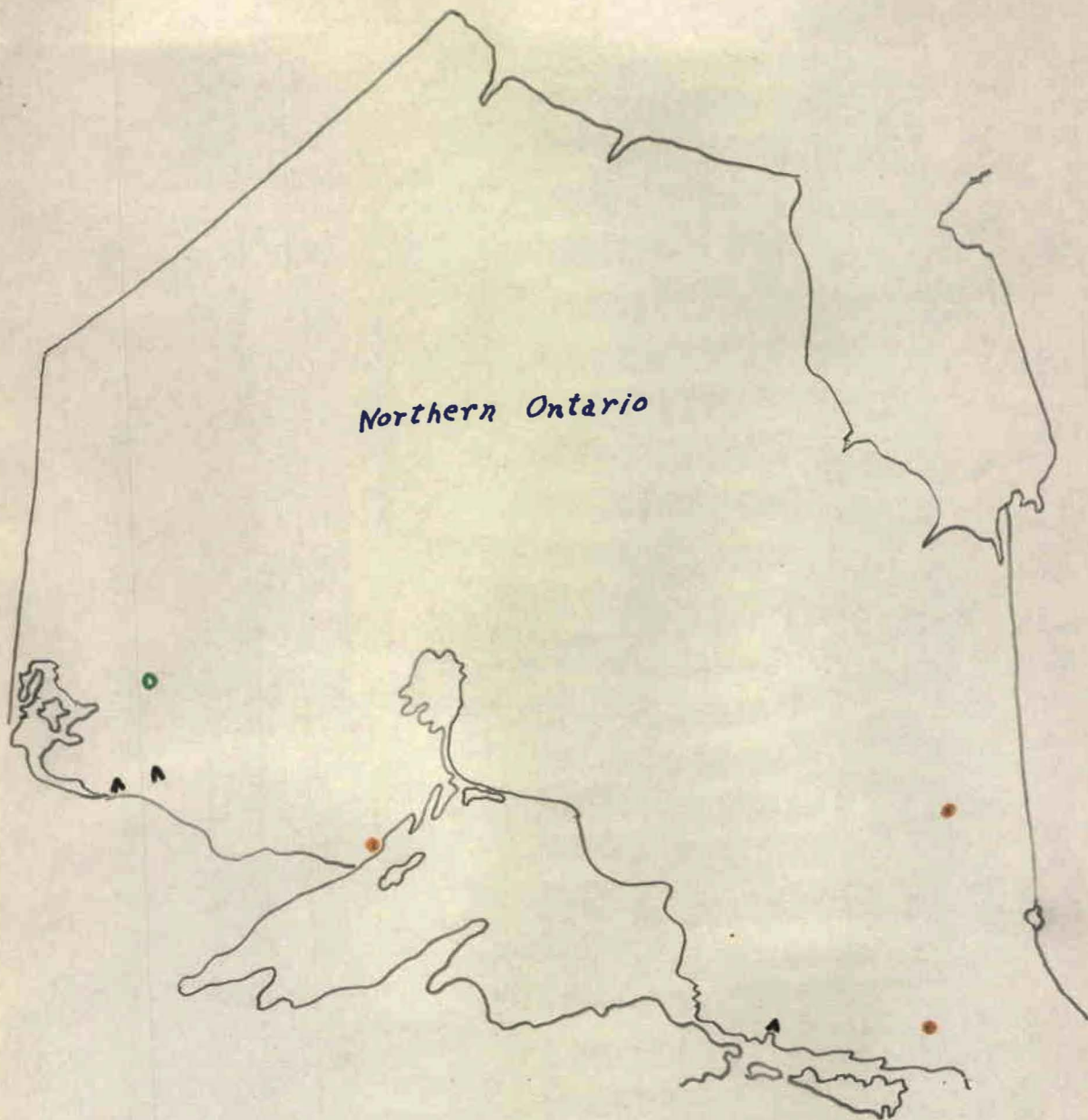
*Agricultural Co-operatives
in Ontario 1940*

OLD ONTARIO



- Marketing Dairy
- X " Livestock
- " Grain & Seed
- " Fruits & Vegetables
- " Tobacco
- P " Poultry
- W " Wool
- H " Honey
- CS. cold Storage
- A Purchasing

Agricultural Co-operatives
in Ontario 1940



Northern Ontario

- Marketing Dairy
- " Grain • Seed
- ▲ Purchasing

BIBLIOGRAPHY

- The Canada Year Book 1925-1941
- Miss M. MacIntosh Agricultural Co-operation
Canada Year Book 1925
- C. R. Fay Co-operation at Home and Abroad
- Prof. H. Michell Co-operation in Canada 19~~4~~⁴
- Geo. S. Mooney Co-operatives Today and Tomorrow,
A Canadian Survey
- A. E. Richards
Agricultural Economist, Dominion Department of Agriculture
Recent Developments in the Co-operative
Purchasing of Farm Supplies
Agricultural Co-operation in Canada
- Ontario Sessional Papers 1914-1941
- Proceedings of the Eastern Canada Conference on the Marketing
of Farm Products, 1939
- J. E. O'Meara
Marketing Service Economics Division
Co-operative Legislation in Canada 1941
- Directory of Farmers' Co-operative Business Organizations 1940
- Janet Coerr Co-operatives in Canada
Canadian Forum, October 1940
- J. T. Hull The Case for Canadian Agriculture
Canadian Society of Technical Agriculturists
Agricultural Co-operation in Canada
- Farm Magazines
- The Farmers' Magazine
- The Canadian Countryman
- The Farmers' Advocate
- The Family Herald and Weekly Star