THE CO-OPERATIVE MOVEMENT ON THE PRAIRIES, 1900-1955

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The Background

As the twentieth century opened, the Prairie region was contending with immense social, economic, and political changes. Farms, villages, towns, even cities, were appearing where only a few years previously natives, traders, and animals had reigned supreme. The people who made that startling transition possible came from many parts of the world, eastern Canada, the United States, the industrial cities of Britain, the pastoral communities of France, and the peasant lands of eastern Europe. They brought with them an array of political beliefs, ranging from anarchism through marxism and social democracy to conservatism. They represented a bewildering range of religious outlooks and included Doukhobours, Mennonites, and Mormons as well as Catholics, Protestants, and atheists. Such diversity ultimately enriched Prairie life, but initially it also seemed threatening and discordant, especially for the fragile English-speaking leadership groups that had gained supremacy in the late nineteenth century.

Amid the turmoil caused by this great transition, the people of the Prairies alternated between fear and optimism. The fear grew from uncertainties about how the rapid changes could be accommodated within a British/Canadian inheritance; the optimism was a manifestation of the euphoria involved in building a new society. There was an air of exuberance, a joy or participating, that characterized the Prairies in the rapid expansion of the early twentieth century. Perhaps the most apparent manifestation of this exhilaration was the emergence of numerous reform movements: prohibition, women's suffrage, socialism, progressive education, urban reform, and, of course, the co-operative movement.

Like most of the other reform movements, the co-operative movement was a powerful restatement of a nineteenth century phenomenon. Institutionally, the co-operative movement had first appeared on the Prairies during the 1870's. In 1872 the Grange (or Patrons of Husbandry) had been brought to the territories, mostly by American immigrants. Two years later it came to Manitoba, encouraged by American organizers and embraced by Canadian settlers. The Grange championed co-operative action and in its wake buying clubs and independent farmers' elevators were established. Perhaps more importantly, Ontario and Québec farmers in the 1880's and 1890's brought with them important co-operative institutions. Since the 1830's the farmers of the St. Lawrence region had been organizing mutual insurance companies, which, in organizational methods and localized concern, were essentially co-operatives. Similarly, since the 1860's, when the dairy industry underwent several technological changes, farmers had been organizing their own
creameries and cheese factories. Both of these varieties of formal co-operation were brought west and led directly to the first government support for the movement, in Manitoba in 1887 and in the Territories in 1890. Both of these initiatives, the former a co-operative law, the latter government encouragement of creameries, were direct responses to the appeals of transplanted “Canadian” farmers.

During the eighties and nineties a number of other developments within Prairie farming circles encouraged the organization of co-operatives. In 1882, *The Nor’West Farmer* began publication and in the following year sparked the formation of the Manitoba and North West Farmers Co-operative and Protective Union; both the journal and the organization supported co-operative organization, and the Union actually stimulated some short-lived co-operative enterprises. More importantly, so did the Patrons of Industry, a new more militant farm organization which came to the West in 1894. It too was originally an American organization, but, by the time it arrived on the Prairies, it had developed a strong Canadian, and even a highly localized, outlook. At first more interested in economics than politics, the Patrons organized a number of partly co-operative initiatives including wholesale services and a binder twine company. These efforts had some successes, and they survived into the twentieth century, even though the movement generally was staggered by a series of political failures during the mid-1890’s.

These early experiments in co-operative activity had direct relationships with developments elsewhere in Canada, Europe and the United States. Less obviously, they were also elaborations of spontaneous co-operation within the region. The settlement process has never been an easy one, but in few areas of the world were the difficulties greater than on the Prairies. The climate was harsh, the agricultural sciences of the time were inadequate, and many of the settlers had no experience with agriculture. More than half of the settlers in fact failed in their efforts to build permanent rural homes and moved on to the cities or left the region. Because of the difficulties, pioneers had to work together, “raising” houses or barns, planting seed, harvesting grain, and overcoming scarcities. This neighbourliness, though not universal, was common and led naturally into more formalized kinds of co-operation.

*The First Wave of Co-operative Organizations, 1900-1920*

In the first twenty years of this century, the grain economy developed rapidly on the Prairies. The opening of new lands, the perfecting of new varieties of seed, and the general improvement of farm machinery permitted rapid growth and new opportunities for the region’s grain growers. At the same time, better stock, more dependable markets, and improved transportation systems encouraged the development of livestock industries. The growth in these commercial forms of agriculture naturally focussed attention on the marketing
systems. The grain growers were the first farmers to challenge the traditional ways in which their crops were marketed. In 1899 they used militant political protest to force the government to ensure better service for farmers from the railways during harvest time. Enthused by this success, they organized a grain growers association in the Territories in 1901-02 and another in Manitoba in 1903. When the provinces of Saskatchewan and Alberta were formed, the territorial organization was divided to create the Saskatchewan Grain Growers Association and the United Farmers of Alberta, a union of the old grain growers and another farmers' organization, the Society of Equity.

While concerned mostly about lobbying and educational activities, these new farm organizations were also deeply interested in co-operative programmes. Their leaders and, increasingly, large segments of their memberships were particularly concerned about how the major grain companies and the Winnipeg Grain Exchange controlled the sale of the Prairie grain crops. At nearly every step in the process — from delivery at the local grain elevator, to grading and weighing, to sale through the Exchange and reloading at Fort William — the farmers believed unfair and sometimes corrupt practices prevailed. One of the farm leaders, E.A. Partridge, a dynamic, powerful figure from Sintaluta, was especially incensed by the marketing system. In 1905 he went to Winnipeg to observe the Grain Exchange. Shocked by the speculation he saw there, he returned to the Prairie farmers and, with the aid of several others, began the campaign for a farmers' co-operative to market the grain crop.

The Grain Growers' Grain Company, organized in 1906, was the result. It was originally developed according to the co-operative principles as they were practised generally throughout the North Atlantic world, South Africa, India, and Australasia. Each member had one vote regardless of investment. The board of directors, elected by delegates from the membership, had to report regularly to the membership. Any surpluses accumulated from a year's operations were returned to members in proportion to their patronage. These principles, along with the militancy of the farmers, antagonized the grain merchants of the Winnipeg Grain Exchange. The new company was consequently denied a seat on the Exchange. For a while it even appeared as if the farm organization would disintegrate, but it was saved, first by the Scottish Co-operative Wholesale Society, which purchased grain directly from the company, and, secondly, by the Manitoba government which, motivated by fear of losing farm support, insisted that the Exchange accept the company. In the negotiations leading to admittance, however, the company had to alter its organizational structure, most importantly by eliminating its patronage dividend system. This variation from the co-operative norm would later cause the company immense difficulty.

Once on the Exchange, the company prospered. By 1912 it had
27,000 members, was selling 28,000,000 bushels of grain annually, was
publishing the powerful Grain Growers Guide, and was operating an
extensive farm-supply business. These successes fascinated farmers in
Saskatchewan and Alberta and prompted them to organize marketing
organizations located in their own provinces. In 1911, after a provincial
Royal Commission investigated the marketing situation, the
Saskatchewan farmers, with considerable government backing, organized the Saskatchewan Co-operative Elevator Company. The
government assistance led to close ties between officials of the co-
operative and the provincial Liberal administration, ties that ultimately
antagonized many co-operators with other political convictions. In
1913 Alberta farmers, relying more on the Grain Growers' Grain
Company than the provincial government, developed their own co-
operative, the Alberta Farmers Co-operative Company. By 1915,
buttressed by the demands of war, the three grain marketing
organizations had achieved considerable strength. Collectively, they
owned over 400 elevators, annually handled 80,000,000 bushels of
grain, and distributed over 4,000 carloads of farm supplies to their
60,000 members. As the volume of business grew and as the need for
expansion capital developed, the three major co-operatives investigated
the possibility of amalgamation. The Saskatchewan "Co-op" rejected
union, but the Grain Growers and the Alberta Farmers' Co-op merged
in 1916 to form the United Grain Growers.

Despite their partial failure at unification, the increasing strength
of the grain grower co-operatives fascinated other kinds of farmers of
the Prairies. Many livestock producers successfully pressured the
Alberta Co-operative Elevator Company to enter the livestock selling
business in 1914; two years later the Grain Growers' Grain Company
undertook the same type of business. When the two organizations
amalgamated in 1916, the livestock business was continued and
expanded. In addition, more than forty independent livestock shipping
organizations developed in Alberta and Saskatchewan, each of them
attempting to secure better returns for their members at the Calgary and
Winnipeg stock yards. Similarly, throughout the region, poultry
growers — mostly farm women — organized egg and poultry circles.
They sold primarily on local markets, but even in the war years there
was considerable discussion about organizing co-operatively on a
provincial, and even regional basis. Finally, Prairie dairy producers
intensified their co-operative activities. In Manitoba eighteen new
creameries were organized, mostly among francophones and
Mennonites. In Saskatchewan, the government played an aggressive
role in helping to amalgamate twenty creameries into Saskatchewan
Co-operative Creameries in 1917. In Alberta, after a burst of growth
between 1912 and 1915, the movement levelled off but continued to play
an important role in most of the major production areas.

These rapid developments had both positive and negative effects.
Positively, they attested to the capabilities of the Prairie farmers, and
they suggested the potential accomplishments of co-operative methods. Negatively, the growth of large institutions strained the resources and ingenuity of those who led them. Marketing grain, for example, was a complex, absorbing task; trying to ensure member interest and control was discouragingly difficult; and the tendency to develop disciplined, remote bureaucracies was almost irresistible. Thus, no sooner had the first wave of grain marketing activity become successful than it was subjected to growing criticism by co-operative groups across the Prairies. These criticisms became particularly harsh immediately after the First World War when Prairie farmers, frustrated by the uncertainties of the times, began to question the role of their co-operative institutions.

Another important source of difficulty for the older major co-operatives lay in the emerging consumer movement. The first co-operative store on the Prairies had probably been developed in Winnipeg in 1885, but it was not until the early years of the twentieth century that such stores became numerous and well-established. Though organized on the same principles, there were three kinds of consumer co-operatives that developed. The first and most numerous were really little more than buying clubs. Hundreds of these were organized across the region by 1919, and they ordered consumer goods and especially farm supplies for their members, usually through the farm-supply departments of the large producer co-operatives. The second kind was made up of about one hundred stores operated on a full-time basis by farmers living around small rural communities. Obvious extensions of the vibrant agrarianism of the time, they were nevertheless independent of the large producer organizations and concerned almost solely about the interests of their members as consumers. Finally, in the industrial and mining towns of the Prairies and foothills, there were approximately thirty stores operated largely by trade unionists. These stores were the most independent of all and as a group the most determined to promote a strong, united voice for consumer co-operation.

Recently-arrived immigrants played important roles in most of the organized stores whether they were in towns or in rural areas. Englishmen and Scots were particularly evident, largely because in their homelands the co-operative store had been a part of working class culture. In the industrial Midlands of England and the working class districts of southern Scotland the "Co-op" was in nearly every community and provided more than fifty per cent of the people in those areas with their consumer goods. Furthermore, the stores in the two countries had developed wholesale systems that met requirements of the stores. In addition to operating thirty factories, the wholesales ran extensive farm operations in Britain and overseas, owned a major bank, and had financed a large insurance company. In the confident expansionism of the Prairies, many British immigrants believed they
were beginning a similar kind of movement in their new homeland. Similarly, Finnish and some Ukrainian immigrants brought with them a commitment to the kind of co-operative stores they once had known in their native lands. In this sense the emergence of stores was a by-product of the immense immigration process of the times.

The development of the stores encouraged criticism of the large producer co-operatives in two ways. The consumer co-operators generally brought with them a deep commitment to the principles of co-operative activity associated with the European consumer movement. Thus they became particularly critical of both the lack of patronage dividends of the U.G.G. and the bureaucratic aloofness characteristic of the large producer organizations. Secondly, the leaders of the consumer movement were desperately anxious to secure control over the lucrative farm supply business. This desire produced considerable tensions since the major co-operatives, wanting to serve their membership in as many ways as possible, would not surrender their deepening involvement in this field. Consequently, at meetings of co-operative store leaders and at annual meetings of the major co-operatives, considerable time was devoted to how farmers might best organize to purchase goods to satisfy their consumer needs co-operatively. More was at stake, however, than merely the division of a profitable business. Fundamentally, the question was whether the Prairie movement would ultimately be based on the broad foundation of consumer interest or on the narrower concerns of farm groups. It was a difficult question that certainly was far from resolved as the 1920's began.

The Second Era of Expansion, 1920-1929

The growing dissatisfaction with the first generation of co-operative enthusiasm was intricately linked with the Progressive movement which swept the Prairie countryside — and parts of its urban centres — between 1917 and 1925. Many of the political leaders of the Progressives, notably T.A. Crerar and Henry Wise Wood, were drawn from the major co-operatives that had developed earlier. More significantly, the main ideas of the Progressive outburst shared similar roots with the co-operative ideology that had been developing in the North Atlantic nations since the middle of the nineteenth century. The distrust of contemporary politics, the emphasis on economic reforms, the concern for enlightened education of the entire population, the preoccupation with moral issues — all these elements of Progressivism had been the essence of co-operative concern for generations.

In the early 1920's the political impetus in Progressivism disintegrated, the result of internal divisions among diverse groups and external manoeuvring by political opponents. Perhaps more fundamentally, the movement declined because it lacked the leadership and sophistication sufficient to develop both a range of complicated economic enterprises and an entirely new political system. In the midst
of the disintegration, moreover, the Prairie farmers found another panacea: the pooling idea, a new way to market farm commodities developed in Europe, Australia, New Zealand and, especially, the United States. In its essence the pooling idea was very simple: farmers agreed to market all their produce through a central organization for a fixed period of time, usually five years; each farmer would receive an initial payment when he brought his crop to the pooling agency; a careful record would be kept of the grade and quantity each farmer sold through the agency; and an interim and a final payment would be paid to the farmer depending upon the average price his quality of produce fetched over the year. It was an effective system that removed the guesswork for individual farmers trying to decide when they should market their produce. It also allowed the farmers collectively to regulate the flow of produce to the market over the entire year. This system soon caught the imagination of both a new generation of co-operative enthusiasts and a large number of older co-operators who were dissatisfied with the original marketing co-operatives.

The grain pools were an instant success. The sign-up campaigns, run in 1923 and 1924, were sparked by a charismatic pool advocate, Aaron Sapiro, a brilliant, eloquent organizer from the United States. The Alberta pool began business in 1923, followed by pools in the other two provinces during the following year. Though separated by their provincial basis of organization, the pools worked closely together to develop a united international selling agency. In operation by late 1924, the agency, called the Canadian Wheat Producers, quickly opened offices in Eastern Canada, the United States and Europe. Ultimately, the pools hoped this international programme would allow them to control the sale of grains co-operatively from the farmer's gate to the miller's — if not the consumer's — door. It was a complex and daring plan, one that pool leaders hoped would remove middle men from the grain marketing process.

The sudden emergence of the pools inevitably brought into question the future of the United Grain Growers (U.G.G.) and Saskatchewan Co-operative Elevators. These older institutions were severely criticized as the pool movement unfolded. Consequently, the initial conciliatory approach of the United Grain Growers to pooling was ignored, and any hope of a merger between it and the pools was soon lost. This failure ultimately meant that the U.G.G. was somewhat isolated in the Prairie movement though nevertheless financially secure because of the continuing loyalty of many Prairie farmers. In Saskatchewan, though, the elevator company was forced into amalgamation. During 1924 and 1925 the rank and file of the co-operative's membership fought for amalgamation despite the opposition of many board members. The members achieved their goal in 1927 when Co-op Elevator sold its assets, chiefly 450 elevators, to the pool. The result was the development almost overnight of one of the
largest business organizations, and one of the largest co-operatives, in Canada.

These sudden successes by grain farmers through their pools naturally attracted attention from farmers of other commodities. The pooling idea, in fact, had been partly anticipated by some of the early creameries and, consequently, during the twenties gained rapid acceptance among the region’s dairymen. In Saskatchewan, the Dairy Co-operative Marketing Association was converted into the Dairy Pool. In Alberta, between 1924 and 1929, pools were organized in the southern, central and northern parts of the province. In Manitoba, Manitoba Co-operative Dairies, which had been organized in 1920, expanded rapidly during the late twenties, and in 1927 opened a branch in Brandon. Similarly, livestock and poultry producers were drawn quickly to the new method of marketing. In 1926 the Saskatchewan Livestock Pool was established, partly with government assistance, followed a year later by the Manitoba Livestock Pool. In 1927, these two organizations, along with some independent co-operative clubs in Alberta, formed the Canadian Livestock Co-operative (Western), a central selling organization for the three Prairie provinces. In the same years, with the aid of the provincial governments and through the initiative of women’s auxiliaries of the farmers’ organizations, egg and poultry pools were formed in the three provinces. The largest of these was the Saskatchewan Co-operative Egg and Poultry Pool, established in 1926. Inevitably, this widespread growth affected older co-operatives who, like the United Grain Growers, found it difficult to work out satisfactory relationships with the new wave of enthusiasts. Despite such tensions, however, the new organizations marked a rapid advance for the region’s producers and, indeed, a re-definition of how the farmers would market their produce.

As the producer movement made these dramatic gains, the consumer movement made steady if less spectacular progress. While many of the stores that had begun before 1920 had failed, the victims of faulty management, member disinterest or economic downturns, a few had survived to achieve stability in the twenties. More importantly, as prosperity returned to the region after the depression early in the decade, scores of new stores and hundreds of buying clubs suddenly appeared. With these developments, the consumer movement, advised by the Co-operative Union of Canada, the national organization for the English Canadian movement, and encouraged by government officials, especially those in Saskatchewan, moved to establish wholesale outlets. This step was particularly important because wholesales represented centralized buying of consumer goods, a source of funds for local societies, and an advisory body for co-op stores in difficulty. Potentially, too, the wholesales could ultimately enter into manufacturing, perhaps duplicating the many large factories owned by consumer co-operators in Europe. It was with considerable confidence,
then, that the consumer movement created such outlets in Saskatchewan and Manitoba in 1927, followed by a similar institution in Alberta the following year.

Despite the optimism, the wholesales had immense difficulties in achieving stability. They were serving a diverse membership in terms of both geography and need; consequently, they lacked the funds, the expertise and the imaginative leadership needed to start the projects they often sorely required. And, perhaps the most frustrating of all, the wholesales had to struggle, like the independent stores in the past, with working out satisfactory arrangements with the producer cooperatives. Indeed, the last few years of the decade were pre-occupied with intense debates in the three provinces over how farm supplies should be purchased co-operatively. Only in Saskatchewan, where the co-operative stores were strongest, was a generally satisfactory arrangement reached.

The capacity of the stores to debate with the large producer groups, however, suggests the maturity the movement had achieved. It had permeated agrarian circles and had become a major way in which farmers had attempted to regulate marketing processes. It had also become a significant way in which consumers in the region had tried to overcome their traditional dependence on a maze of wholesalers and other middlemen. On an intellectual level, too, the movement had matured. Though still linked closely with general regional attitudes, the Social Gospel, and a lingering Progressivism, it had begun to see itself in an independent role with a distinct programme. A significant minority of co-operators, for example, believed their methods could be applied to all kinds of economic activity and ultimately could produce a co-operative commonwealth. And even the vast majority, though less enthusiastic, believed that co-operative institutions, politically-neutral, democratically-based, were distinct, practical reactions to specific social and economic problems.

The Depression, 1929-1939

The decade of the thirties saw hard times in all parts of Canada, but in no region were the hardships more deeply felt than on the Prairies. The last years of the twenties had been so prosperous, especially for many Prairie farmers, that the sudden collapse of the economy was a bitter shock. Debts accumulated during the confident expansionism of the twenties went unpaid, insurance policies were unavoidably lapsed, and mortgages were foreclosed. Then, cruelly, the dust storms came, stripping essential top soil away and impoverishing most of those who lived through them. All told, the Depression became a tragedy that would sear the regional consciousness for generations.

Amid the tragedy, many people in the region turned to various kinds of protest movements, including more reliance on the co-operative movement. There were many reasons why co-operative
techniques held such strong appeal during these years. They were, for example, one way in which families could join together to meet some of their basic needs for consumer goods. They were also appropriate for groups wanting to organize their own health services, recreation facilities, or community pastures. Indeed, in a time when traditional political methods and individual action seemed insufficient, co-operative solutions appeared to be one way in which people could help themselves and their communities.

Not all co-operatives, however, prospered. The wheat pools were the main co-operative institutions to flounder. In both 1929 and 1930 the executives of the pools, basing their estimates on the immediately previous years, pegged initial payments for their members above the average prices ultimately received for the grain crops. By the end of 1930, the pools owed $23,000,000 and were forced to turn to the provincial and federal governments for financial assistance. The willingness of the governments to extend these loans reflected the important place the pools had assumed in both the regional and national economies. To gain the loans, however, the pools had to agree to the termination of their international selling agency, a development demanded by the private grain trade and accepted by Prime Minister R.B. Bennett and J.I. MacFarlane, the government-appointed trustee of the wheat pools. This concession badly undermined the original programme of the pools, but it was in some ways compensated for by the development of a Wheat Board in 1935. Introduced by a harried Conservative government, the board was an attempt to market the Prairie wheat crop in an orderly fashion, seeking to accomplish through government channels what the pools had tried to do privately. With government aid and with the establishment of the board, the pools not only survived; they began to become aggressive once again.

The Saskatchewan Pool was particularly active, and it devoted much of its energy to encouraging the development of co-operatives during the Depression. Its field men, hired originally to gain memberships and maintain communications between locals and the central organization, broadened their scope of activities during the 1930's. Equipped with automobiles, films, and pamphlets and using essentially a study club technique, they became community organizers. They encouraged the development of buying clubs, stores, petroleum depots, arenas, and beef rings. Along with some fieldmen in the other two provinces, they also played important roles in stimulating an interest in several new kinds of co-operative activity, including a co-operative refinery, credit unions, life insurance programmes, and the manufacture of farm implements.

The development of the refinery was a remarkable accomplishment. It emerged because of difficulties plaguing numerous local petroleum co-ops that had been organized during the late twenties when tractors and more complex machinery had begun to appear. Most
of these co-ops had purchased their supplies from small independent oil producers and wholesalers. Early in the thirties, however, the large international oil companies bought out most of the independents and, at the same time, raised the wholesale price. Irate farmers, especially those west of Regina, protested this development vehemently and in 1934 organized the Consumers Refineries Co-operative Association. Led by H.L. "Harry" Fowler, the farmers launched a campaign for funds and gathered $32,000, much of it from farmers living in the most depressed areas of the province. During the following year, a small refinery, probably the first one in the world to be co-operatively owned, went "on stream" producing 500 barrels of crude oil per day. Most of the products refined from this crude were sold to independent co-operatives, the Saskatchewan Co-operative Wholesale, and the Saskatchewan Wheat Pool.

The other immediately successful venture on the Prairies during the thirties was the development of credit unions. This variant of co-operative credit had first appeared, though informally organized, among French-Canadian and Jewish settlers during the 1920's. Because of the way in which these groups were isolated, however, their early efforts went largely unnoticed by other settlers. Rather, the majoritarian groups in Prairie society learned about credit unions from the Co-operative Union of Canada and the co-operative movement in the Maritimes. George Keen, long-time secretary of the Union and devoted co-operative enthusiast, started advocating credit unions for the Prairies during his annual tours in the early thirties. By the middle of the decade, Maritime credit union leaders, notably Father Moses Coady, were coming west to explain the basic characteristics of the new form of organized co-operation and to outline how it had developed in the United States and elsewhere. At about the same time in Prairie Catholic circles, especially among francophones, there were growing communications between western enthusiasts and the Québec caisse populaire movement. These stimuli, building upon an interest in co-operative credit that went back at least to 1913, helped to create a credit union movement very rapidly. By 1939 there were 79 credit unions with over 6,000 members in the three provinces. Most of the unions were small, but a few were becoming large. They were located in a wide variety of circumstances — in a spare room in someone's house, in the basement of a factory, or at the back of a pool agent's office. But, wherever they were found, they were curious manifestations of optimism in the midst of adversity, ironic developments in a cash-poor if not nearly cashless society.

Concern about a co-operative insurance programme emerged during the same period. There had always been some distrust of traditional insurance companies — especially those with head offices and most of their investments outside of the region. This suspicion deepened during the thirties when companies cancelled many policies
for non-payment, meaning in some instances that "pioneers," after decades of labour, had to be buried at community expense. The resultant anger gave an emotional edge to another perhaps more fundamental reason for starting an insurance programme — the desire to develop institutions capable of meeting the movement's capital needs. As early as 1934, delegates to the Saskatchewan Wheat Pool's annual meetings appointed a committee to explore ways to establish a life insurance programme. Because of the severity of the depression, the Pool could not respond immediately to the committee's recommendation that a co-operative programme be begun. In 1939, however, largely because of the work of Pool fieldmen, the Good Neighbour Mutual Benefit Association was started in the Saskatoon area. A year later, the Pool and other co-operatives organized the Co-operative Mutual Benefit Association to serve members of co-operatives scattered across the entire province. Both of these programmes were aimed essentially at helping the families of members who died. The sum involved — $400 — would only pay funeral expenses, but at least it would allow families to escape the indignity of burial at municipal expense. The plan was an immediate success and became an important precedent for later insurance programmes.

The search for a co-operative implement scheme also emerged in the last years of the Depression. Concern over implements, of course, ran deep in the region's past, having been evident at least as early as the 1880's. Despite the general inability to buy new machinery and the common difficulty in paying for repairs, this long-felt grievance intensified in the 1930's. In 1936 and 1938 the federal government and the Saskatchewan government undertook formal studies of the implement industry. In addition to providing foci for long-harboured complaints, these studies prompted a number of Prairie co-operators to suggest the development of a co-operative implement programme. Such a proposal had few immediate prospects in the economic adversities of the time, but it did gain enough momentum to become a priority for some co-operative leaders when prosperity returned.

Such quests for new ways to use co-operative techniques suggest the drive that the movement gained on the Prairies during the Depression. The major co-operatives organized educational programmes, co-operative journals found larger audiences, radio programmes on the movement could be heard weekly, and co-operative social activities were commonplace. Amid this enthusiasm a distinctive "co-operative philosophy" became increasingly apparent. It was a philosophy that fitted in well with traditional Prairie viewpoints. First, it stressed democratic solutions to contemporary problems, suggesting that making the economic system democratic was as important for the twentieth century as the struggle for political democracy had been for the nineteenth. Second, co-operative philosophy placed great reliance on the accumulated wisdom and
morality of ordinary people. In the crisis of the depression, when others sought comfort behind leaders and increased authoritarianism, most co-operators stressed change and development through greater involvement by all citizens. Third, co-operators advocated the decentralization of economic and social power so that local communities could control their destiny and individuals could avoid the alienation common in modern society. Finally, the movement supported the extensive, practical education of ordinary people. Thus many co-operatives were involved in extensive community education programmes, seeing themselves as important innovators in the neglected field of adult education.

One development that prodded this interest in adult education was the emergence of provincial co-operative educational and lobbying organizations. As in so many other areas, Saskatchewan was the leader in this kind of development. In 1934 co-operative leaders, especially B.N. Arnason, the Commissioner of Co-operation for the provincial government, organized the Saskatchewan Conference of Co-operative Trading Associations. While the Conference was concerned about economic development, it was even more interested in helping to build an integrated provincial movement. In the same year and in the year following, Manitoba co-operators pursued similar objectives but were hampered more by internal divisions in their ranks. In 1936 the movement toward provincial integration of all kinds of co-operatives picked up momentum when a Saskatchewan Section was formed within the Co-operative Union of Canada. Bringing together nearly all of the province's co-operatives, the Section became involved in prompting university courses on co-operation, a series of radio programmes, numerous youth activities, and a higher profile for co-operative institutions. It also played an important role in helping the wholesale expand its activities, even during 1938 when the lowest depth of the Depression was experienced in some Saskatchewan areas.

In Alberta the drive to unite the movement encountered more serious obstacles. The difference between livestock producers and grain growers seemed to be more fundamental, partisan politics more divisive, and co-operative idealists less numerous. The wholesale was never in as strong position in Alberta as it was in Manitoba and Saskatchewan, meaning that the unifying activities of consumer co-operators were far less effective. In fact, between 1932 and 1935, the wholesale discontinued operations primarily because in the past it had not gained access to the important farmer supply market. During 1936, however, the situation began to improve. The newly-elected Social Credit government appointed A.H. Christensen as the Supervisor of Co-operative Activities. An experienced Danish co-operator, Christensen greatly improved the provincial co-operatives act, promoted a degree of provincial co-operative unity, and helped set up the Alberta Section of the Co-operative Union of Canada that was
organized in 1937. He also played an important role in the more exclusively producer-organized Alberta Co-operative Council that had been created in 1936. These initiatives, though gaining only limited immediate success, were significant because they suggested that the Alberta co-operators, like those of the other two provinces, were trying to establish a basis for a united movement.

This increased stability in Alberta and especially in the other two provinces was evident in the pages of *The U.F.A., The Western Producer*, and *The Scoop Shovel* (respectively the main journals of the Alberta, Saskatchewan, and Manitoba movements). Those journals and the tensions within co-operatives themselves, however, suggest that the movement was attracting a diversity of supporters. The most committed was a relatively small but important group of people who believed that the co-operative movement was sufficient for a total reformation of society. Social democrats and marxists, similarly small in number but determined in commitment, were also drawn to the movement, though they never accepted the limited role for the state advocated by co-operative purists. The vast majority, however, were pragmatic farmers and city dwellers who could be occasionally moved by the movement's various campaigns but who generally were attracted by the economic potential of co-operative institutions. As the Depression worsened, the more conservative element in the co-operative movement expanded rapidly and provided the numerical strength upon which the growth then and in subsequent years would be based.

*The Third Era of Expansion, 1939-1955*

Shortly after World War II began in Europe, the economy of the Prairies started a rapid, if sometimes difficult, recovery. As conditions improved, so did the financial position of the region's co-operatives. To some extent, the emotions of war also helped the co-operative cause: many Prairie co-operators believed that the war was essentially a struggle for democracy, a struggle in which the movement's future as well as the nation's security were at stake. Hitler and Mussolini had both destroyed the strong co-operative movements in the lands they ruled, and in Japan a once powerful co-operative section had been emasculated during the 1930's. Prairie co-operators, then, for the sake of their movement as well as the nation endorsed a strong war effort.

The return of prosperity did not mean, however, that the region's co-operatives could quickly resume expansion. Because of wartime shortages, the federal government virtually eliminated any new construction or even expansion of old facilities. These restrictions harmed many of the stores which by 1942 were overcrowded and out-of-date. More seriously, it postponed the development of a co-operative implement factory. During 1940, co-operative leaders, notably H.L. “Harry” Fowler and George Munro in Saskatchewan and J.B. “Jock”
Brown in Manitoba and Alberta, launched a cash-raising programme for the new co-operative. By 1942 they had sufficient funds to begin operation, but they were forced to postpone opening for business until 1945 when the European war ended. In the intervening years the new co-operative established close ties with the National Farm Machinery Co-operative in Shelbyville, Indiana. Finally, when it could start business, Co-operative Implements purchased a plant in Winnipeg, enlisted the support of Prairie governments, and began to assemble farm machinery and distribute “Co-op” brand tractors. Under its new president, J.B. Brown, it had entered into the remarkably complex farm machinery industry.

As Co-op Implements commenced operations, another widely-supported project from the thirties, the development of a co-operative insurance programme, was also begun. Co-op Mutual Benefit, from the time of its creation in 1940, had grown rapidly and, by 1944, had 7,000 members. Early in the latter year the more active members of the society, including some with a long interest in developing a co-operative insurance programme, proposed the formation of a new life insurance company. One of their number, H.A. Crofford, a pool fieldman, presented the proposal to the Saskatchewan Wheat Pool which quickly decided to loan the proposed co-operative $25,000 for start-up capital. On May 15, 1945, the new company, organized to serve Saskatchewan co-operators, was created; it soon became an important step in building a co-operative financial sector.

The development of these two new initiatives was a product of the extensive growth of the early forties. By 1945 the United Grain Growers (still counted by some as a co-operative) and the three wheat pools had over 200,000 members; 2,200 elevators; four important journals with combined readerships of over 500,000; a wide range of farm supply services; and assets of over $20,000,000. Similarly, livestock producers marketing through Canadian Livestock Co-operatives (Ltd.) in St. Boniface, were selling annually over $30,000,000 worth of livestock, mostly cattle and hogs. In addition, there were more than 120 independent livestock marketing co-ops scattered across the Prairies, 70 in Alberta alone, selling wherever the market was strongest. The most unusual of these independents was the Horse Co-operative Marketing Association with sheds in Swift Current and Edmonton. It started in 1945, largely in response to an order from the Belgian government for 10,000 tons of pickled horse meat.

The intense demand for dairy products and the rapid urbanization stimulated by the war also benefitted the Prairie co-operative dairies. The three Alberta dairy pools — the Northern, the Central, and the Southern — all experienced their best years since the twenties and started significant expansionist programmes. In Saskatchewan, the Milk Pool, serving the more northern areas of the province, expanded rapidly, while Saskatchewan Co-operative Creameries, serving
southern cities, was returned to member control after several years of
government supervision. In Manitoba, Manitoba Co-operative Dairies
purchased plants in Manitoa, Brandon, and Elkhorn, while a dozen
new creameries emerged, mostly among Franco-Manitobans living
close to Winnipeg.

Similar kinds of growth could be seen in the consumer movement.
Though restricted by government regulations, the stores and their
centrals, the wholesales, made marked progress. By 1945, the three
wholesales were selling over $10,000,000 worth of goods to their co-
operatives, with the Saskatchewan Wholesale, having two-thirds of
these sales, being easily the most important. Between 1938 and 1945 the
Saskatchewan wholesale bought a flour mill, began selling "Co-op"
tractors, entered into the feed business, started into the dry goods
business, bought a coal mine, and amalgamated with Co-operative
Refineries to form Federated Co-operatives. In 1940, too, mostly
because of the insistence of Saskatchewan leaders, the three Prairie
wholesales formed Interprovincial Co-operatives to serve as their
collective buying agency. They were soon joined by co-operative
wholesaling organizations in the Maritimes, Ontario, and British
Columbia. By 1946 this fledgling organization had developed to the
point where it had an office and a staff independent of the wholesales
themselves. Finally, in 1946, the Alberta and Saskatchewan wholesales
joined with United Co-operatives of Ontario and National Co-
operatives of the United States to buy a shingle mill on Vancouver
Island. Clearly, during the forties, many of the dreams co-operators had
had in the thirties were about to be realized.

This growth and the tendency toward horizontal development
inevitably drew queries from governments and competitors. There had
always been significant opposition to the co-operative movement,
largely from the private grain trade, independent retailers, some
wholesalers, some insurance companies, and a few banks. The main
focus of the opposition had nearly always been the question of taxation.
Co-operatives paid generally the same taxes as other organizations, but
they did not pay on dividends returned to members, in the same way
that orthodox stores did not pay on rebates to their customers.
Nevertheless, this provision seemed unfair to some competitors and
seemed worthy of investigation by a federal government that was
searching desperately for funds in 1944. Consequently, a Royal
Commission, under the Québec Justice, E.M.W. McDougall, explored
the entire taxation issue late in that year and early in 1945.

The appointment of this commission had a profound effect upon
the English-Canadian movement. On the Prairies, the drive to bring the
various kinds of co-operatives together picked up momentum as briefs
defending the co-operative position were prepared. Even more
importantly, Prairie co-operators were drawn closer together with co-
operators in other regions as a national pro-co-operative campaign was
launched. Out of this intermingling, a restructuring of the Co-operative Union of Canada was completed (it had actually started in 1943), and that restructuring, based on strong provincial sections, gave the English-Canadian movement a strong voice for the first time. The ease with which these developments took place was remarkable, and particularly gratifying within the movement because they allowed the co-operatives to defend their position before the McDougall Commission. In the Commission's report and in the subsequent changes in the income tax law introduced by the Liberal government, the co-operatives retained much of the position they had had before 1944. For the first time the English-Canadian movement had glimpsed the potential power it could wield.

With this new found unity and with a dependable tax position, co-operatives continued their expansion in the ten years after World War II. The emphasis, however, changed significantly. In the preceding forty years the stress had been on marketing, farm supplies, and consumer goods. Between 1945 and 1955 most of the new enthusiasms were directed toward creating a strong financial sector. Within the Prairies this drive emanated largely from within the credit union movement. By 1945, these products of the Depression numbered more than 450, had 60,000 members and combined assets of $2,500,000. Credit union federations, formed in Saskatchewan in 1938 and Manitoba in 1943, were very active by 1945, providing educational and bonding services for their member credit unions. In 1941, the first credit union central in Canada, the Saskatchewan Co-operative Credit Society, was formed to facilitate the flow of money between credit unions. In 1944, it joined the clearing house system and thus became able to provide "chequing" services for the negotiable instruments of its members. These activities soon became essential elements in the growth of the provincial credit union movement. They also contributed greatly to the provincial co-operatives generally since the Credit Society quickly became a major financial resource for all Saskatchewan co-ops.

In the late forties and early fifties the drive to complete a financial sector meant developing a full insurance programme, undertaking trust (or fiduciary) services, and encouraging closer ties among the provincial credit union movements. To develop these broader activities, the regional co-operative movement had to become more closely involved with co-operative developments elsewhere, meaning that the cross-Canada ties developed in 1943-45 continued to be strengthened. One important catalyst in this growing inter-regional collaboration was A.B. MacDonald, a well respected co-operative leader and secretary of the Co-operative Union of Canada between 1945 and 1952. With MacDonald's assistance and with the prodding of Prairie leaders, Co-operative Life developed a national programme in 1946 and 1947. In the latter year, in Saskatchewan, Co-operative Hail Insurance was formed by and for the province's farmers; in 1951, it expanded its field of service.
to include Manitoba and Alberta. In 1952 a new company, Co-
operative Fire and Casualty, was organized to meet general insurance
needs for co-operatives, their members and the public in most of the
Canadian regions. In the same year, Co-operative Trust was formed to
serve credit unions and co-operatives as well as their members in trust
and investment fields. Finally, in 1953, after several years’ effort by co-
operators in the Prairies and other regions, the Canadian Co-operative
Credit Society was formed to facilitate exchanges of money, ideas and
personnel between the various provincial movements. Though in some
respects premature, this organization, along with the provincial credit
union centrals and educational organizations, meant that the
framework of the co-operative financial sector had been completed.
That framework, while national in scope had been developed, to a
significant extent, by the Prairie co-operative movement and its leaders.

While the financial sector was being rounded out, the other
segments of the Prairie movement made steady if less spectacular
progress. The grain co-operatives marketed large crops at adequate
prices though the intense foreign competition meant that stockpiles of
wheat began to appear across the region. The other marketing co-
operatives in the livestock, dairying and poultry industries expanded
their facilities steadily and began a difficult process of consolidation in
response to large, more efficient farm operations and increasingly more
centralized marketing patterns. Similarly, the consumer movement
made rapid strides, especially in urban areas, but found itself
confronted by a rapidly changing rural base. The problem was that the
application of new technology, the drive to create larger farm units to
support that technology, and the allure of the city were draining the
countryside of its people. In the process the co-operative movement was
confronted by a dramatically altered set of social circumstances on the
Prairies.

By 1955, then, a new era, more urban, more sophisticated, more
“professional,” was apparent in the Prairie movement. There were new
needs, especially finding more successful ways to broaden services in
urban communities while retaining efficiency in the rapidly changing
rural societies, and these called for new techniques, new leaders, and
new ideas. And yet, though shopping plazas replaced country stores,
and the movement’s personnel had to formalize their training in
universities and colleges, the movement did not break suddenly with its
past. The co-operative “philosophy” developed in the thirties sustained
it even after 1955. There were reasons enough that it should: it had
helped to build numerous successful co-operatives, and it was
intricately associated with the way in which most Prairie people viewed
themselves and their region. Since its first successful ventures, the co-
operative movement had become a vital and characteristic part of the
Prairies’ development; it would remain so for many years after 1955.
BIBLIOGRAPHICAL NOTES
